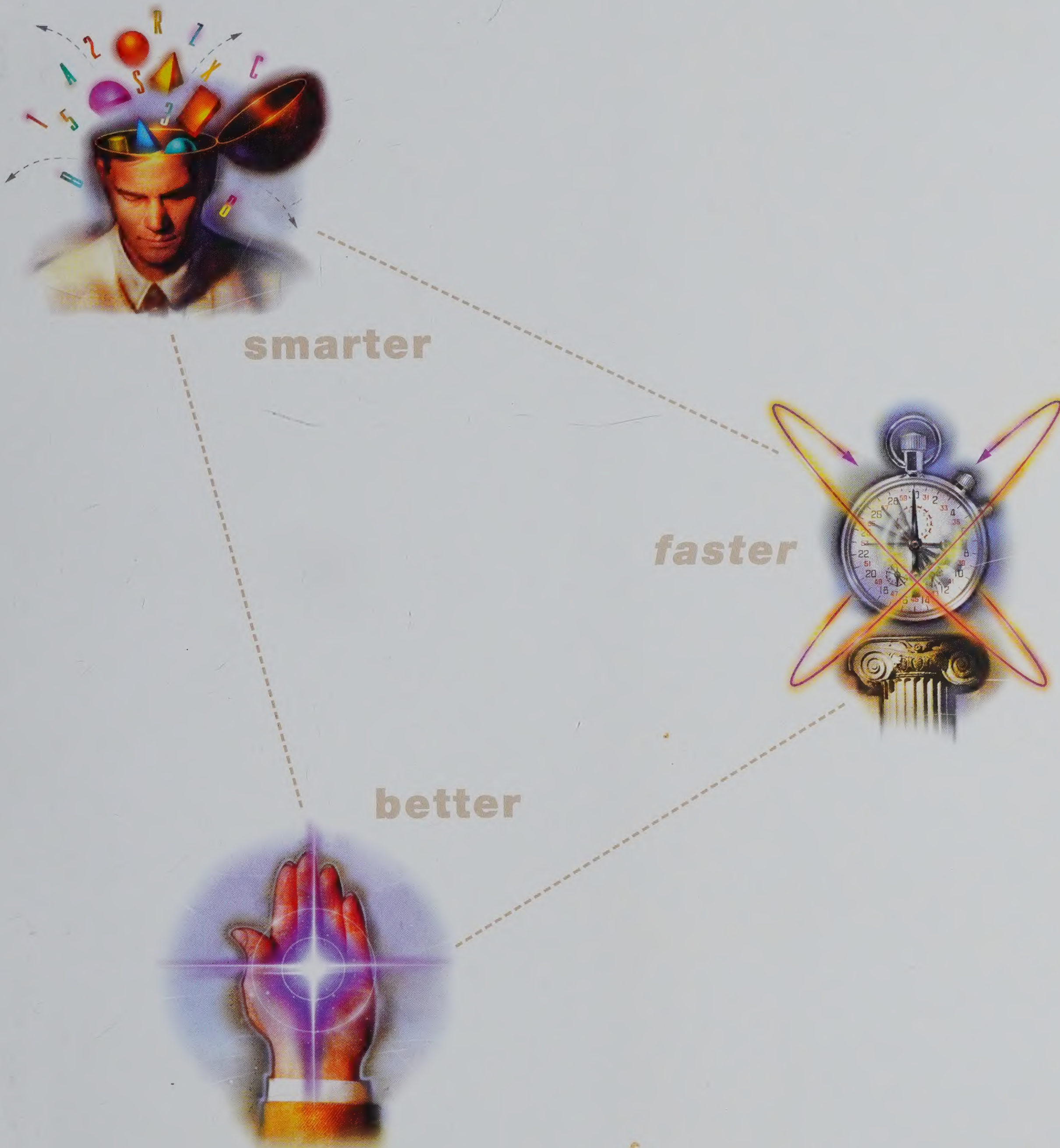
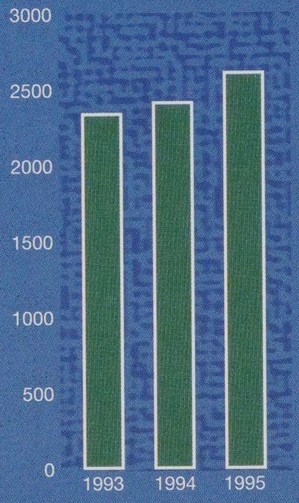
MOORE CORPORATION LIMITED
1995 ANNUAL REPORT

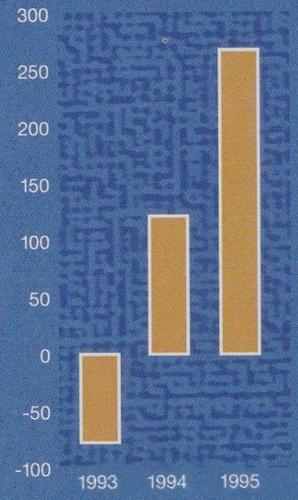


MOORE®

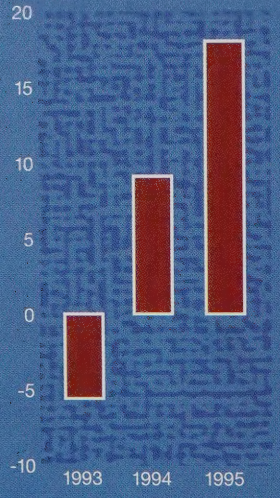
Sales
(millions of dollars)



Net Earnings
(millions of dollars)



Return on Shareholders' Equity
(%)



Moore is a global leader in addressing customers' business communication needs with innovative products and services that create efficiency and enhance competitiveness. Moore is expanding and enhancing its range of products and services through leadership and innovation in business forms and systems, business equipment, print management outsourcing, commercial and digital printing, labels, personalized direct mail, statement printing, and related services. Helping customers meet their changing needs is the focus of our corporate strategy and our efforts in research and development as well as strategic alliances. With a long and proud history behind us, we continue to set high standards for the industry as we face an era of new growth. Moore remains at the forefront of a dynamic and revolutionary industry.

Annual and Special Meeting of Shareholders:
The Annual and Special Meeting of Shareholders of Moore Corporation Limited will be held at the Design Exchange, 234 Bay Street, 2nd Floor – Trading Floor, Toronto, Canada on Thursday, the 25th day of April, 1996 at 10:00 a.m. Toronto time.

Expressed in United States currency and, except per share amounts, in millions of dollars

Consolidated statement of earnings

Sales
Income (loss) from operations
Per dollar of sales
Income taxes expense (recovery)
Percentage of pre-tax earnings
Net earnings (loss)
Per dollar of sales

Consolidated balance sheet

Working capital
Ratio of current assets to current liabilities
Capital employed in business
Return on capital employed
Shareholders' equity
Return on shareholders' equity
Total assets

Expenditures for property, plant and equipme

Per common share

Net earnings (loss)
Dividends declared
Shareholders' equity

Average shares outstanding (in thousands)

1995	1994	1993
$ 2,602	$ 2,406	$ 2,332
124	139	(98)
4.8¢	5.8¢	(4.2)¢
124	44	(19)
31.6%	26.4%	(19.8)%
268	121	(78)
10.3¢	5.0¢	(3.3)¢
$ 908	$ 563	$ 559
2.7:1	2.3:1	2.2:1
1,718	1,606	1,533
16.1%	7.7%	(4.8)%
1,488	1,365	1,313
18.7%	9.1%	(5.6)%
2,236	2,031	1,974
87	77	82
$ 2.68	$ 1.22	$ (0.78)
0.94	0.94	0.94
14.90	13.71	13.19
99,754	99,538	99,487

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The Businesses of Moore	Products and Services	Competitive Advantages

Forms and Print Management

Moore is the world's largest designer, manufacturer and marketer of business forms, and the leader in North America in providing print services including commercial, digital and on-demand products and systems.

- custom business forms and equipment
- electronic forms and services
- print services: commercial printing, digital colour printing, electronic print-on-demand, and database publishing
- facilities management, fulfillment, warehousing and distribution services, and outsourcing services
- pressure seal mailing systems

Forms and Print Management has established strong customer relationships and has gained a thorough knowledge of their business processes. By working with customers to meet their changing needs, we are able to offer an integration of technology and traditional forms. With our global network capabilities and significant investment in digital technology, we are well poised to distribute and print on a local and worldwide basis.

Moore is a foremost authority in digital variable printing and the emerging customized information market.

Labels and Label Systems

Moore is one of the world's leading providers of labels and label systems that transfer unique data for shipping, tracking and inventory control.

- pressure sensitive labels
- linerless labels
- variable imaged bar codes
- integrated form-label combinations
- printers and applicators
- software products
- integrated solutions

Labels and Label Systems has the ability to offer full-service solutions combining label materials, software and equipment. We are a leader in key technology areas including adhesive and label material development, and in new product development including linerless labels, direct thermal and thermal transfer products. Moore leverages label systems capability with forms technology for unique form-label combinations.

Customer Communication Services

Moore is the largest global producer of personalized direct mail, a leading North American statement and information processing service provider, and a leader in real estate systems in North America.

- direct marketing services:
  - project management
  - program strategy
  - database management
  - creative services
  - personalized direct mail production
  - response analysis
- statement print, image and mail outsourcing
- compliance mailings production outsourcing
- card applications, credit cards, prepaid calling cards, ID cards
- on-line real estate systems
- real estate software applications

Customer Communication Services offers customers extensive industry experience and complete project management from program development through execution. Whether in direct marketing, print, image and mail outsourcing or real estate systems, we are experts in providing integrated customer communications using advanced imaging, production and on-line technologies.

Moore has the unique ability to accommodate variation in content, language, format, distribution requirements and other regional concerns for more effective, targeted communications on a worldwide basis.

1995 Revenues

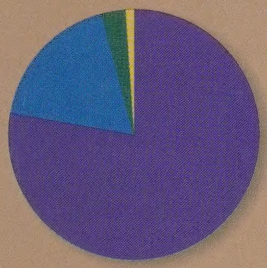
73%
$1,909,431,000

- North America
- Europe
- Latin America
- Asia Pacific

Outlook

- As businesses downsize and focus operations on core competencies, more forms and print management will be outsourced.
- Even as business migrates from paper to paper plus electronic solutions, the portability, versatility and tangible quality of paper will ensure that it remains a part of any business information system for years to come.
- Technology is driving an unprecedented transformation in the way we do business – traditional print-and-distribute methodology is changing to distribute-and-print.
- Moore's ability to provide high-quality, low-quantity, variable-colour printing is creating a growth market that will enhance our competitiveness.

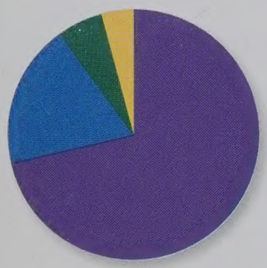
8%
$198,294,000



- North America
- Europe
- Latin America
- Asia Pacific

- The labels business is experiencing overall growth of approximately 12–15% annually.
- Barcoding is a major growth opportunity for labels in distributing, tracking and tracing customer inventory and products.
- Digital printing opens up opportunities where full-colour quality printing for shorter label runs and multiple versions are beneficial.
- Continued investment in R&D will allow us to set industry standards in meeting our customers' system solution requirements.
- Strategic alliances and acquisitions will give us an important position in new markets and new technologies.

19%
$494,527,000



- North America
- Europe
- Latin America
- Asia Pacific

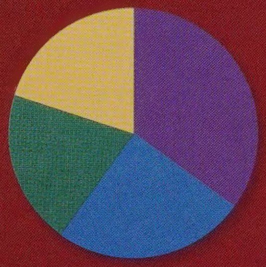
- The growth in personalized direct marketing continues at a rapid pace.
- As targeted mailings become more personalized and draw higher response, more traditional marketing dollars will be directed to securing and retaining loyal customers.
- Customer mailings such as utility bills are being enhanced with targeted marketing messages to build stronger relationships with the recipients, thus providing a higher return through additional revenue opportunities.
- Moore continues to be a leader in systems integration and software as technology transforms information distribution in the real estate industry.

Research and Development

Moore invests approximately $28 million annually on R&D to create new products needed to meet changing customer demands and to leverage the commonalities among our three businesses.

1995 R&D expenditures:

- proprietary labels and label systems
- technologies and applications for short-run and variable production colour printing
- the enhancement of proprietary imaging
- data handling solutions
- front-end systems
- integration of ink jet and toner-based printing technologies



Technical Skill Sets

- 35% software engineering
- 25% materials development
- 20% mechanical engineering
- 20% electronic engineering

To date Moore has registered nearly 2,000 patents worldwide, many of which are licensed. Some innovations, however, such as high-speed print engine technology, are retained by Moore to serve key business goals.

For over a century, Moore has participated in a growing economic sector that now commands annual global revenues of more than $20 billion. In our quest to meet customer needs, Moore has led the transformation of the modern-day forms industry into becoming an integral part of information

processing and electronic information exchange. Print technology, the foundation of the business, was forever changed by the addition of new technologies such as laser printers, electronic networks, digital printing and electronic forms. We stand at the dawn of a new era, similar to where the computer industry was twenty-five years ago, ready for significant growth.

Dear Shareholder,

Moore Corporation has long been at the forefront of our industry in three businesses: Forms and Print Management, Labels and Label Systems, and Customer Communication Services. These complementary businesses will each remain crucial to our continued success as we creatively combine paper and electronic products and services.

The results of our efforts in 1995 included continuing the reengineering of our processes, procedures and plants to reduce cycle time and improve customer satisfaction from order inception to delivery.

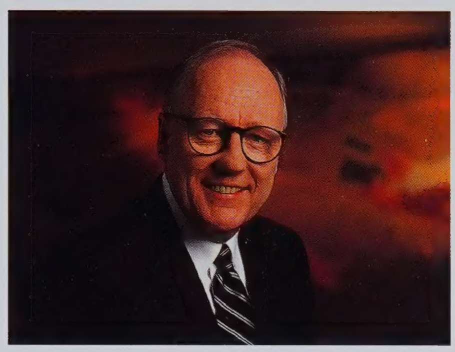
We reduced our equity position in Toppan Moore from 45% to 10%, a step that further strengthened our balance sheet with pre-tax proceeds of $355 million. We sold our subsidiary in Austria, our records management company in Canada and all of our retail print stores in Europe. These divestitures allow us to reallocate resources and further strengthen operations in our three main businesses in selected geographies.

The acquisition of 25% of UNI-Tech, an information technology firm based in Hong Kong, positions Moore to bring electronic forms to the Asia Pacific region where the market potential is immense.

We successfully started label operations in Australia, Brazil and Europe, and expanded our Customer Communication Services in Latin America.

Many businesses showed growth: direct mail, statement printing and real estate systems. Regions such as Brazil, Central America, Canada and the United Kingdom also saw improvements.

In response to our overall strategy, sales in 1995 were $2.6 billion, an 8% increase over sales of $2.4 billion in 1994. Including the equity



Reto Braun
Chairman and CEO

change in Toppan Moore, net earnings were $268 million or $2.68 per share, more than double earnings of $121 million or $1.22 per share in 1994.

Because innovation, invention and intelligence will create growth, we spent $28 million in 1995 on R&D. The microchip is changing the world and Moore is harnessing that raw power through R&D investments in engineering, new product development and added services to meet customers' changing needs. We developed products and applications such as property information software and systems for the residential real estate market.

The Digital Print Management Series, a leading-edge quick-to-market workflow process and global network won an industry

award for innovation. In the past, customers could only print, then distribute, an approach associated with high costs, large inventories and early obsolescence. With networks and new technology, Moore now offers the unique ability to distribute and print in colour. Data is digitally stored, transmitted and then printed when, where and in the quantities needed.

The results of our efforts in 1995 brought successes as well as some setbacks. Third quarter earnings from operations were below expectations due to delays in implementing our electronic order entry management system in the United States, which affected volume and costs. Corrective actions have been taken.

The fourth quarter rebound in earnings was encouraging. Customer demand confirms that our strategy is right and we continue to move forward.

During 1995 we concluded that acquiring Wallace Computer Services would be an appropriate approach to accelerating our growth strategy. Our efforts resulted in 74% shareholder support and three new directors on the Wallace board.

We will continue to pursue a combination of the two companies as well as other acquisitions and alliances.

Our number one priority remains customer satisfaction. In order to maximize efficiency, productivity and profitability, Moore has launched an internal initiative called "Fast Track Attack". This company-wide disciplined team approach and methodology improves cycle time dramatically and creates competitive advantages. It provides more time with customers, higher satisfaction levels, improved quality and reduced product development time for bringing new products and services to market. It will lead to better revenue and earnings growth.

In line with our strategy, approved by your board of directors, we will persevere in the pursuit of operational excellence and leading-edge innovation by creating products and services that meet market needs and enhance our leadership role. We fully intend to gain market share, improve profitability and increase shareholder value both from within and through partnerships and acquisitions.

To every employee, customer, supplier and shareholder, we extend a sincere thank you for your confidence and commitment in 1995. With your continued support, we shall achieve our goals.

Reto Braun
Chairman of the Board,
President and
Chief Executive Officer

Moore is on the threshold of an exciting new era. ■ Design and technology will become increasingly essential for enabling our customers to target just the right information – when, where and how they need it. ■ Without a doubt, innovation, invention and intelligence will be key to creating growth. ■ Discovering smarter ways to convert data to user-friendly information. ■ Combining technologies and services to provide customers with a real competitive difference. ■ Introducing leading-edge products to market faster than the competition. ■ Making an ongoing effort to better ourselves every day in every relationship we gain. ■ And seeking out new opportunities in key markets and industries around the world. ■ That's what it takes to be smarter, faster and better.

smarter

In today's rapidly changing global marketplace, a "business as usual" philosophy won't work. In the new service-based economy, with markets opening up and technology infiltrating our daily lives, mind work is replacing muscle work. Today our customers are doing business smarter by focusing on core competencies and turning to Moore for new technologies that help them cut costs and enhance revenues. Building a smarter business takes the courage to challenge conventional thinking. It means taking a step back, looking at the big picture, and asking: "Why have we always done it this way?" Innovative approaches – that's the heritage and strength of Moore and the added value we bring to our customers.

Intuit: Bridging the Gap Perhaps no industry has been affected by technology so quickly and so profoundly as financial services. In search of convenience, consumers have taken quickly to innovations in electronic banking. Moore is helping to make it possible. Together with Intuit Inc.'s electronic processing subsidiary – Intuit Services Corp. (ISC) – and more than 20 leading financial institutions in the United States, Moore assists in delivering on-line banking and bill payment to bank customers. Families using Intuit's best-selling Quicken personal finance software, as well as other interfaces, get the ease and convenience of home electronic banking even though payment by cheque is still the most accepted form of bill payment. Moore applies advanced technologies to receive orders for paper cheque payments from both bank-sponsored bill-pay services and ISC's separate bill-pay service for bank customers whose banks are not on-line. Moore then prints, images and mails the cheques the same day. To the consumer, Moore is an invisible player in the equation. But to ISC, we are a valuable business partner.

Mercedes-Benz: Relationship Marketing

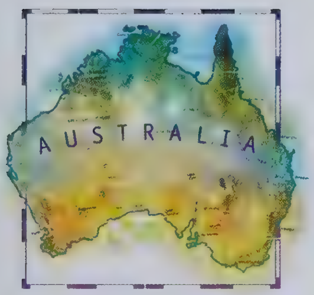
Today's smarter technology is helping business to pinpoint potential customers and sales opportunities based on the interests and needs of individuals. Moore has developed "Star Response", an integrated direct marketing program for Mercedes-Benz of North America that is designed to build and retain customer loyalty, drive incremental service department traffic, and enhance dealer service profitability. Value-priced service menus that are customer and model specific communicate value and reliability to loyal customers and present the opportunity to recapture potential customers. In addition, a sophisticated combination of vehicle mileage and time tracking is used to deliver service reminders to Mercedes-Benz vehicle owners just before their vehicle's next scheduled maintenance visit. Dealers gain customer loyalty and owners are assured quality care on a timely basis.

The Internet: Use Your Mouse to Buy a House

"Information at your fingertips" is becoming a new way of life for consumers. Internet use is on a phenomenal incline and holds untapped potential for business.

Moore is using leading-edge software applications to provide smart house shoppers with worldwide access to current MLS real estate listings in specific markets. Listings that were printed a few short years ago are now loaded onto the Net. Moore is making the leap from paper to electronics, leading the real estate industry.

Accessing CyberHomes™ sites through the Net, consumers can use a search function to browse properties conveniently at home. Real estate agents benefit by having their listings viewed by prospective clients they might otherwise not be able to reach. The system has a unique search capability that allows users to indicate preferences and search by city, neighbourhood, even by address, and locate properties on interactive maps.

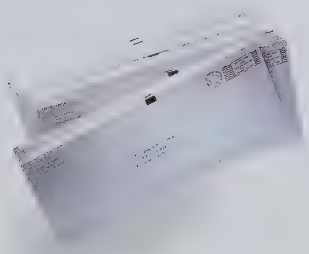


Shell Australia: Outsourcing Down Under

Shell Australia, a leader in the oil, gas, chemicals and coal businesses, has awarded Moore a three-year contract to manage its in-house print and copying facility. Moore will be able to create new synergies by linking with existing Moore-Shell partnerships such as those covering Autocare franchises, warehousing and distribution.

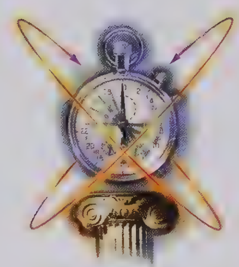
UNI-Tech: E-Forms in Asia

Sometimes the answer to finding "a smarter way" is to turn to someone who already has the answer, and to go – and to grow – from there. Acquisitions and alliances are an essential part of accelerating Moore's growth strategy into new markets. In October, Moore's Asia Pacific subsidiary acquired 25% of UNI-Tech, a Hong Kong-based firm which provides information technology consulting, systems design, development and implementation services to Asian clients. Also on tap: the first Asian-language electronic forms products for the Asia Pacific market.



United States Postal Service: Simple Reengineering

Streamlining processes to save time and labour doesn't always mean massive reengineering. Sometimes the simplest of solutions can make a significant difference. Moore has introduced a process of imprinting bundles of mail destined for the United States Postal Service with a tick mark where ZIP code breaks occur. The new system makes mail acceptance easier, allows clerks to see the ZIP codes readily and reduces labour costs.



faster

A car dashboard today has more computer power than Neil Armstrong had when he landed on the moon. Technology, in addition to improving our quality of life and the quality of our products and services, has made the whole world turn a little faster. Consequently, our expectations for fast and efficient results have also grown. People and businesses alike are learning anew how to examine their options, establish priorities, set goals, eliminate barriers and get things done. This formal process and methodology has become vital to the way Moore will compete in the years to come. As a change agent, Moore finds the solutions that enable our customers to provide products and services to their customers faster. Time is everything.

Ford: Thinking Globally The Ford Motor Company has embarked on a globalization plan called Ford 2000, and Moore will be an important partner along the way. Included in the plan is a goal to simplify and streamline operations by reducing Ford's supplier base by approximately 90% by the end of the decade. ■ This year, by making Moore its key supplier of all tags and non-production labels, Ford has eliminated the need for 30 other suppliers. Sole sourcing through Moore's in-stock warehouse program allows consistency from one plant to another around the world, greater control for Ford, and significant cost savings in procurement, transportation and operations. ■ The new contract covers the supply of all non-production tags and labels, including work in progress, sub-assemblies and linerless campaign labels. Moore has also developed an electronic catalogue to centralize the tags and labels and create a valuable database previously unavailable to ensure speedy procurement and fulfillment.

faster

Fast Track Attack: Time Is the Competitive Advantage

To be our best, we must constantly look at how we can do more with less to satisfy our customers better and to eliminate those activities that impede speed. In 1995, Moore introduced the Fast Track Attack methodology – an aggressive company-wide initiative for removing barriers to faster and better response to customers. It introduces a structured and disciplined approach to doing things right the first time, and ensuring the best use of time for every employee and for every task.

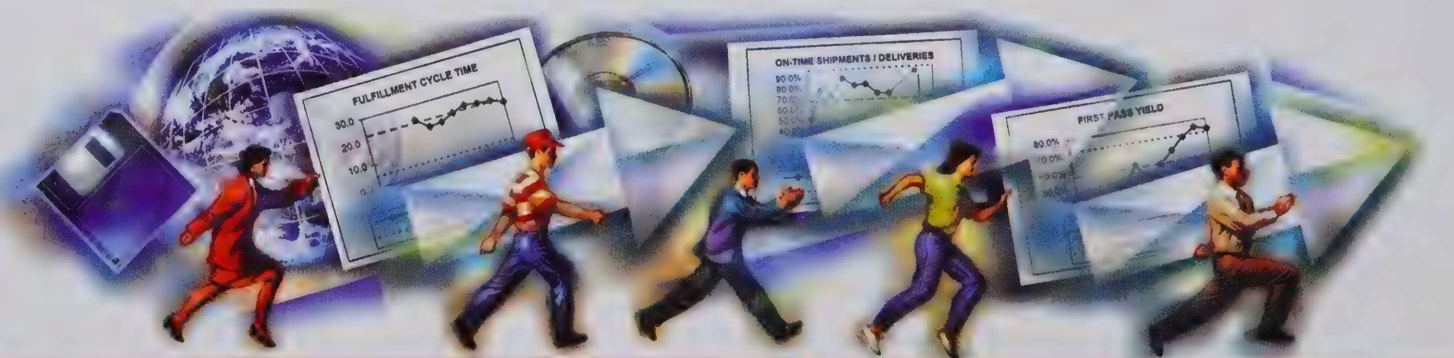
Short cycle times and best practices are critical to the markets we serve and the technologies we employ. In our business forms printing plants, employees have formed "barrier removal" teams and have set out to cut preparation time, trim inventory, improve cycle time and on-time delivery to customers with impressive results. The key is employee involvement at all levels – participation in the changes and responsibility for tracking results.

In R&D, Moore's new product development team has established a disciplined, phased process for accelerating the introduction of new products to market. The methodology involves assessing new product development projects based on the needs of customers, then ranking and prioritizing them to target high-growth areas projected to yield a significant competitive advantage. For each project undertaken, the team pinpoints barriers and attacks them one at a time. One of the first products brought to market through the new development process is the Print and Mail Business Recovery program, designed to help customers in disaster recovery situations.

Fast Track Attack is an integral part of our strategy implementation.

ISO 9002
Certifiably the Best

In order to ensure that we meet the highest standards of quality in our work, Moore has been vigorously pursuing ISO 9000 series certification. This ensures consistent procedures at each operating facility. These standards contribute to continuous improvement of products and processes, and fit into Moore's own operational methodology.



Anheuser-Busch: Colour Labels – Doing it Digitally

When Anheuser-Busch planned a week-long regional promotion of two of its premium beers, Moore was able to provide short-run full-colour labels and fast turn-around. Printing directly from digital files onto linerless labels, Moore provided colourful and vibrant labels suitable for point-of-purchase promotion. This leading-edge innovation has the potential to effect a whole new approach to product marketing. Moore received an Innovator award for the Anheuser-Busch label at the 1995 Tag and Labels Manufacturers' Institute conference.

MLSNI and TREB: From Paper to Electronics – Listings on Laptops

To be successful, today's real estate agents must continue to gain greater command and control over their time: Time to preview. Time to prospect. Time to sell. Chicago-based MLS of Northern Illinois (MLSNI), the world's largest multiple listing service, and the Toronto Real Estate Board (TREB), the world's largest real estate board, have embraced Moore's Landmark™ real estate software, a series of PC-based programs that allow agents to access listing information, property photos and tax records. They can then print, save or download the information for use in market analysis, appraisals and marketing materials. But perhaps the greatest added value is that agents can take clients on scenic "drive-bys" via the laptop without ever leaving the living room.

T. Rowe Price: Print on Demand – Statements in Short Order

A good solution is one that matches the right technology to the right need. T. Rowe Price, one of the largest mutual fund managers in North America, relies on Moore to process, print and mail large client statement runs. For those occasions when the company needs only a few statements printed, Moore developed a proprietary PC-based software that allows T. Rowe Price to access Moore databases directly by dial-up modem. With the necessary data at their fingertips, T. Rowe Price can print statements and offer up-to-date account information on demand.

Staying competitive means making a commitment to continuous improvement in all areas of business. Training. Research and development. Acquisitions and alliances. Productivity and performance. It's a growing reality not only for Moore, but also for our customers. The business of Moore has changed significantly since its inception, but the philosophy behind it is still the same. Being better means never being finished. As the world faces the advent of a technological revolution, everything comes back to finding a better, user-friendly way to handle business information – streamlining processes, removing duplication of effort and eliminating waste.

better

Ceridian: Signed, Sealed, Delivered Ceridian Employer Services of Minneapolis is setting out to achieve operational excellence in every aspect of its business. Recognizing the need for a better way to process payroll, tax filing and other documents, Ceridian called on Moore. ■ It took a hybrid team of experts from Moore representing R&D, printing, engineering and sales, working in concert with multi-disciplined representatives from Ceridian. The team developed a more efficient, integrated processing solution that would save the company time and money as well as improve service. ■ The team custom-engineered a pressure-seal system interface that operates in line with cut sheet laser printers and synchronizes with the printer speed. Forms are now printed, folded and sealed in one continuous operation, delivering a self-contained mailer with an easy-to-open cheque design and complete confidentiality of contents. ■ Moore has installed 74 units of the mailing systems equipment in 29 Ceridian sites in the United States, and continues to provide related forms. In the first six months of operation, over 40 million forms were successfully processed and distributed to Ceridian's end recipients.

better

Canadian Tire: Seeking a Single Source

Canadian Tire Corporation, Limited (CTC) and Moore have entered into a long-term partnership agreement which will provide CTC with a single source for traditional print products such as labels and forms, along with a platform to allow a planned migration to electronic solutions to meet their future needs. Cross functional teams from both companies worked together to streamline the logistics of non-resale consumables for the Canadian Tire Corporate Head Office, Distribution Centres, and the 400-plus Associate stores across Canada. The partnership brings Moore's experience and technological expertise in the production and management of both paper-based and electronic information solutions together with Canadian Tire's leading-edge experience in retail management and distribution.

Blue Cross Blue Shield of Michigan: Electronic Forms in Action

Blue Cross Blue Shield of Michigan, a provider of health insurance services, was looking for a way to reduce internal paperwork and speed processing of information. The solution had to work well in their internal business processes and also be used to gather and handle member information to increase customer service.

The JetForm family of electronic forms software from Moore provided the answer with user-friendly design capabilities, ease of installation, strong support services, and the ability to work seamlessly with the existing technical infrastructure.

Coopers & Lybrand: High Technology Print-On-Demand

Indigo digital colour printing by Moore is allowing Coopers & Lybrand to create high-quality, full-colour presentations on premium stock, customized to each client, quickly and inexpensively.

The system utilizes a new Moore workflow process technology known as the Digital Print Management Series, a global network for the creation of on-demand, variable digital printing which utilizes the capabilities of our technology partner, Indigo. This signals the move toward "a print run of one" – the ability to print small quantities of high-quality colour documents – a trend that is certain to revolutionize the print marketplace.

In 1995 Moore was awarded Technology Innovator of the Year at the On-Demand Show for its innovative use of digital print-on-demand. The market for this technology is expected to grow exponentially by the year 2000.

Citibank: Partnering

Moore's growth will come not only from seeking out new customers and new markets, but also from expanding our relationships with existing customers. With expertise in forms, labels, digital technology, direct mail and statement printing, Moore is able to design and manage the total information requirements of a business.

For Citibank, Moore has become the lead supplier of all forms and print management activities in the United States, including warehousing and distribution services. Together Moore and Citibank provide cash management and payment services to Fortune 1000 target companies. Citibank transmits data directly to Moore for printing, imaging and mailing of cheques and payments. Moore has also created a direct marketing campaign offering 2.5 million individuals each month a personal invitation to join the Citibank family of 55 million cardholders. Because the response rate was significantly better than had been achieved with previous campaigns, Citibank has engaged Moore for a more extensive program of approximately 8 million mailings a month for a twelve-month period.

Shanghai Jielong: Points East

While North American business is making a steady transition from paper to paper plus electronic processes, exceptional growth potential for the forms, labels and print management business is still to be found in emerging markets. While the opportunities are appealing, access to countries such as China can be challenging.

In order to accelerate entry into the booming Chinese market, Moore has entered into an important joint venture with Shanghai Jielong Industry Corp. Ltd. We are currently manufacturing and marketing a wide range of paper-based business forms to the Shanghai marketplace. A world-class manufacturing facility with high-technology production capabilities is being constructed in the Pudong area of Shanghai and is expected to be completed in late 1996.

Environment

Moore, along with nine other companies, was selected by Australia's Environmental Protection Agency in 1995 to participate in a three-year project to help Australia adopt cleaner production techniques. The ten companies will be assisted by an environmental consultant to implement strategies for cleaner production such as minimizing the use of raw materials and energy, reducing waste, better housekeeping methods and innovative technology and management systems. Moore anticipates significant reductions in paper usage and energy.

Health and Safety

At Moore we believe that the health and safety of every person is more important than any job or objective. We are proud to report that the overall frequency and severity of injury continues on a steady decline. In 1995, we focused our attention on ergonomics issues in most business units. An ergonomics coordinator provided support to priority locations, concurrent with the development of an overall corporate ergonomics program.

Effective health and safety practices have resulted in a downward trend in the frequency and severity of injury for employees in the Corporation. ▶

Corporate Contributions

Donations

Moore Corporation believes strongly in our responsibility to be involved in the charitable and non-profit sector and has fulfilled this role for well over 100 years. We focus on four main areas: children and families, education, community services, and arts/culture. Our objective is to provide opportunities in communities where Moore employees and customers live and work.

Moore is also committed to assisting employees in their fundraising efforts. In 1995, in the wake of the Oklahoma City bombing, a group of Stillwater, Okla. plant employees joined together to raise funds, and asked other Moore plants to do the same. Moore matched the funds raised.

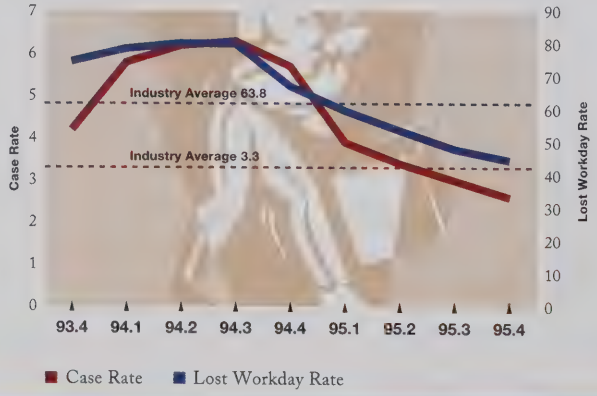
Sponsorships

Moore looks for new and innovative ways to get involved in corporate sponsorships. Through in-kind contributions this year, Moore focused on three key sponsorships which provided an opportunity to showcase our products and services, as well as assist in worthwhile events.

In 1995:

- Moore sponsored the World Veterans' Athletic Championships with 6,000 athletes and their families from more than 70 countries participating.
- Moore joined an elite group in sponsoring the G7 Economic Summit, where leaders of the world's most powerful nations met in Nova Scotia.
- Moore was the key sponsor of the business-to-business forum, *Japan: Still Profitable*, held in conjunction with the "Today's Japan" Festival in Toronto.

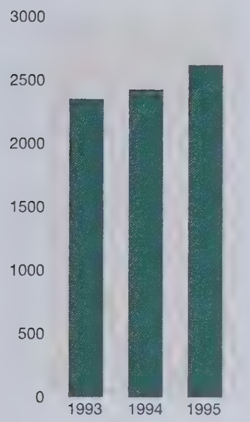
Case Rate: Lost Workday Rate
Moore Corporation 1993-95



Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations 1995/1994

Sales in 1995 of $2,602 million (1994 – $2,406 million) increased $196 million or 8%. Fourth quarter 1995 sales of $694 million (1994 – $631 million) increased $63 million or 10%. Sales of Forms, Print Management and Related Products increased 8% in the year and in the fourth quarter, and sales of Customer Communication Services increased 10% in the year and 15% in the fourth quarter compared to the corresponding periods in 1994.



Net earnings in 1995 of $268 million or $2.68 per share increased $147 million from 1994 net earnings of $121 million or $1.22 per share. Included in 1995 net earnings was a gain of $147 million after tax or $1.47 per share realized on the reduction of the Corporation's equity interest in Toppan Moore Company, Ltd. ("Toppan Moore") from 45% to 10% on March 10, 1995, and expenditures of $13 million or $0.13 per share arising from the efforts to acquire Wallace Computer Services, Inc. ("Wallace"). For the fourth quarter of 1995, net earnings decreased to $22 million or $0.22 per share from $39 million or $0.39 per share in 1994. The earnings decrease was due to inclusion of costs of the proposed acquisition of Wallace ($0.13 per share), and the elimination of debt guarantee obligations related to the Corporation's investment in Toppan Moore in the 1994 fourth quarter ($0.12 per share).

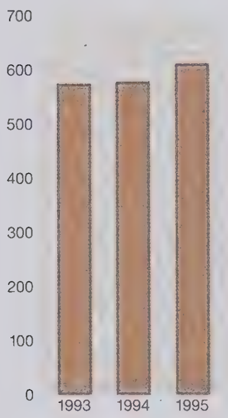
During 1995, the Corporation continued to simplify its manufacturing organization resulting in the closure of six plants and the reduction of its manufacturing workforce by over 300 employees. In the United States, the forms manufacturing process has been reorganized to a hub and satellite basis to maximize equipment utilization. Remaining restructuring programs include the closure in 1996 of one plant in the United States and further work to reengineer the North American order management process.

Cost of sales increased 11% in 1995, mainly reflecting the higher levels of paper costs experienced since mid-1994. The Corporation raised prices in 1995 to pass on most paper cost increases, which have ranged between 5% and 75%, depending on the paper grade and market. Cost of sales was also adversely impacted by a volume decline in the forms business. Cost of sales was 67.9% of sales in 1995 compared with 65.9% in 1994. The LIFO inventory valuation reduced earnings in 1995 by $1 million due primarily to rising paper prices, in contrast to an increase in earnings of $3 million in 1994. The adverse earnings effect of LIFO inventory valuations in 1995 was mitigated by $9 million through sales to third parties of the Corporation's rights to specific customer finished goods inventory in the United States. In the fourth quarter of 1995, the cost of sales ratio was 69.0% (1994 – 66.6%). The LIFO inventory valuation increased cost of sales by $7 million, which increased the fourth quarter cost of sales ratio by 1.1 percentage points, compared with a small reduction in the corresponding period of 1994.

The ratio of selling, general and administrative expenses to sales in 1995 improved to 23.3%, a reduction from 23.8% in 1994. The improvement was primarily because of higher paper costs flowing through revenues. In addition, the improvement reflected restructuring benefits of $38 million, including a selling and administrative workforce reduction of 220 employees.

Selling, general and administrative costs in 1995 were $607 million compared to $574 million in 1994. The benefits of restructuring activities were offset by increased direct selling costs due to investments in growth markets, and higher information technology infrastructure spending in application and process flow reengineering. Work continued on the simplification of the order management system in North America, with the program refocused into a series of phases, resulting in a delay in the realization of the full benefits until 1997. The 1995 fourth quarter selling, general and administrative expenses, as a percentage of sales, improved to 22.1% of sales in 1995 from 24.5% in 1994 due mainly to higher paper costs flowing through revenues and the positive effects of restructuring programs.

Selling, General and Administrative Expenses
(millions of dollars)



Depreciation expense declined $3 million to $76 million in 1995 compared to 1994 due entirely to $11 million of net gains on asset sales, in particular two administrative offices, two manufacturing plants, and a warehouse. The effect of the asset disposals was partially offset by increased depreciation charges as a result of the significant capital investments made in late 1994 and in 1995 to upgrade manufacturing technologies.

Research and development expense was $28 million in each of 1995 and 1994. Expenditures in 1995 were focused on proprietary labels and label systems, technologies and applications for short-run and variable production colour printing, and the enhancement of proprietary imaging, data handling solutions, software front-end systems, and the integration of ink jet printing technologies.

Investment and other income of $281 million in 1995 increased from $46 million in 1994, mainly due to the recognition of a $248 million pre-tax gain on the reduction of the Corporation's investment in Toppan Moore. Other factors affecting the movement were a $19 million increase in short-term investment income and a net gain of $12 million on the sale of two non-strategic business units in Canada and Europe. The gains were partly offset by the inclusion of $13 million of costs associated with the Corporation's efforts to acquire Wallace, and lower equity earnings from associated corporations of $23 million, reflecting the impact of the reduction in the ownership of Toppan Moore.

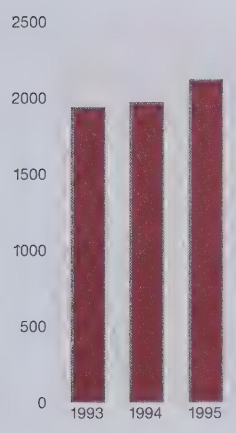
The unrealized exchange adjustment declined $3 million in 1995 to $2 million primarily due to the strengthening of the Brazilian currency relative to the United States dollar.

The 1995 effective tax rate (the ratio of income taxes to earnings before taxes) of 31.6% was 5.2 percentage points higher than the 1994 effective rate of tax of 26.4%. The increase primarily reflects the impact of a higher effective tax rate applicable to the gain on the sale of the Toppan Moore equity interest, and expenditures incurred to acquire Wallace for which no tax benefit was recognized. The effective tax rate increase was partially offset by utilizing unrecognized prior years' tax losses in Europe and Brazil, and higher than anticipated tax benefits from the 1993 restructuring.

Forms, Print Management and Related Products ("Forms")

Forms sales of $2,108 million in 1995 increased $150 million or 8% from 1994 sales of $1,958 million. Increased sales occurred in all regions, except in Asia Pacific, and reflected the impact of higher selling prices to offset the paper cost increases. Volume erosion occurred in most geographic areas, particularly in North America, Mexico and Australia. Included in Forms sales are Labels and Label Systems sales of $198 million, an 8% increase from 1994.

Forms, Print Management and Related Products Sales
(millions of dollars)



North American sales were $1,432 million, an increase of $110 million or 8% from 1994, with increases in Canada and the United States of 4% and 9%, respectively. Offsetting partially the selling price increases were large volume declines as a result of intense competitive pressures, shortened production orders, a move to one-part continuous forms, and the trend to electronic imaging and forms.

Sales in Europe of $281 million in 1995 were $25 million or 10% above the 1994 level. The forms business in France and the United Kingdom accounted for the entire sales improvement. Higher selling prices to compensate for the increase in paper costs and a strengthening of the French franc and British pound against the United States dollar drove the sales increase. During 1995, the European businesses replaced $8 million of low value-added products with an equivalent amount of higher margin custom labels and form-label combinations.

Latin American sales in 1995 increased 16% to $213 million. Brazil's sales were up $41 million or 42% mainly due to an increased focus on the short-run market and the positive impact on the economy of the government's efforts to stabilize the currency and to dampen inflationary pressures. Venezuela's sales improved by $4 million or 30%. However, these improvements were partly mitigated by lower sales volume in Mexico, mainly due to the depressed economy following the devaluation of the peso in December 1994. All businesses increased selling prices to offset paper cost increases.

Sales in the Asia Pacific region were $182 million in 1995, a decrease of $15 million from 1994. A 23% sales growth in New Zealand was not sufficient to offset a $20 million or 11%

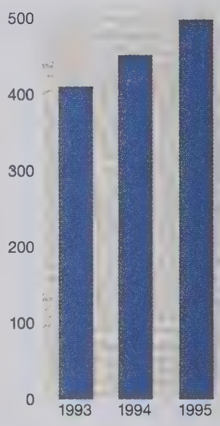
sales decline in Australia. Prices were raised to pass on paper cost increases to their customers, but volume in Australia decreased. This volume erosion was attributable to the realignment of the sales force in the region and the resultant business disruption following the integration of Computer Resources Trust into Moore.

Segment operating profit of $85 million in 1995 was $19 million below the 1994 level of $104 million. A $16 million or 52% profit improvement in 1995 over 1994 in Canada, Latin America and Europe was not sufficient to offset the lower earnings in the United States and Asia Pacific. Operating profit in Canada improved by $6 million or 146%, reflecting mainly the benefits of the restructuring programs that were completed in late 1994. The strong profit improvement in Brazil and lower overhead costs in the region contributed to the $8 million or 47% increase in Latin America's profits. In the United States, earnings were lower due to volume reductions, additional costs resulting from delays in the implementation of the technology infrastructure in the manufacturing and sales areas, and the inclusion of start-up costs related to the hub and satellite manufacturing implementation. In Asia Pacific, volume decreases in Australia and increased costs related to the integration of Computer Resources Trust contributed to lower earnings.

Customer Communication Services ("CCS")

CCS sales in 1995 of $494 million increased 10% from 1994 sales of $448 million. The sales growth occurred in all geographical areas. Excluding the 1994 year-to-date sales of a business sold in November 1994, North American sales in 1995 of $361 million increased by $45 million or 14% over 1994. Higher selling prices to fully recover paper cost increases were augmented by volume growth in the direct marketing services and business communication services units to account for this sales improvement. Latin America's $8 million or 37% sales increase to $30 million was driven entirely by the 52% sales growth in Brazil. This reflected increased prices to recover paper cost increases and additional contracts with new customers. Modest growth in Europe resulted in sales of $92 million in 1995. CCS sales represented 19% of the Corporation's total sales.

Customer Communication Services Sales
(millions of dollars)



Segment operating profit in 1995 of $32 million decreased $2 million or 5% from the 1994 level. Profits improved in all regions except Europe. The lower profit in Europe was attributable partly to a change in customers' normal ordering patterns due to higher paper prices, increased competitive price pressures, and the effects of a general slowdown in the European economy and of a national civil servants' strike in France during the fourth quarter

of 1995. There was an 8% profit improvement in North America fuelled by significant volume growth, and a 52% improvement in Latin America's performance resulting from new customer business and benefits arising from restructuring programs completed in 1994.

Restructuring of Operations

1992 Restructuring Program Activity in 1995

The restructuring program in 1992 was substantially completed in 1995 when almost $6 million was spent on facility closure costs for unsold properties and lease sites.

1993 Restructuring Program Activity in 1995

During 1995, $63 million in costs were charged against the restructuring reserve, leaving an accrued balance of $21 million which primarily relates to completing the reengineering of the order management system in North America, facility closure costs for unsold properties and lease sites, and severance continuation payments. The remaining accrual is deemed sufficient to substantially complete these restructuring initiatives by the end of 1996.

Selling, General and Administrative Restructuring

The selling, general and administrative restructuring program continued with the reengineering of the North American order management system, MooreDirect. In the first quarter of 1995, a limited-feature phase one release was implemented. The design and development of a second release began in 1995 which, upon completion, will incorporate substantial enhancements in support of sales growth through better customer service and will strengthen the interfaces with current systems. When the second release becomes operational, further benefits will be realized through additional reductions in employee positions. To better support the MooreDirect project, the information technology infrastructure was reengineered in 1995. Selling, general and administrative restructuring initiatives were also completed in the United States, Mexico and Europe, resulting in total cash expenditures in 1995 of $20 million. The number of employees was reduced by 220 in 1995.

Manufacturing Restructuring and Asset Write-Offs

In the United States, three manufacturing plants were closed and the hub and satellite manufacturing reorganization was completed. Smaller plant closures and other manufacturing restructuring initiatives were also completed in Australia and Europe.

Total cash expenditures during 1995 were $12 million for manufacturing restructuring. The number of employees was reduced by 360 in 1995.

Total asset write-offs recorded in 1995 were $31 million, primarily for plant closure costs in the United States, leaving a remaining accrual of $6 million as at December 31, 1995.

Employees

The following table shows the reduction in employees due to restructuring and other

changes during 1995 and 1994, which resulted in a total complement of 18,771 employees at December 31, 1995:

	1995	1994
Employees, January 1	19,890	22,014
Restructuring	(580)	(2,772)
Disposition/acquisition, net	(539)	648
Employees, December 31	18,771	19,890

Results of Operations 1994/1993

Sales in 1994 of $2,406 million compared with 1993 sales of $2,332 million, an increase of $74 million or 3%. Fourth quarter sales of $631 million increased $30 million or 5% from 1993 fourth quarter sales of $601 million. Sales of Forms, Print Management and Related Products increased 2% in the year and 4% in the quarter. Sales of Customer Communication Services increased 10% in the year and 7% in the quarter.

Net earnings for 1994 of $121 million or $1.22 per share compared with a net loss in 1993 of $78 million or $0.78 per share including an after-tax restructuring provision of $166 million or $1.67 per share. For the fourth quarter of 1994, net earnings improved to $39 million or $0.39 per share from a net loss of $138 million or $1.39 per share in 1993.

During 1994, nine plants were closed and the manufacturing workforce was reduced by over 1,900 employees. In the United States, the forms manufacturing process was reorganized from a decentralized order, planning, prepress structure to a hub and satellite basis. Major initiatives underway include the additional closure of three plants and the rationalization of product manufacturing capacity in the United States, Canada, Mexico, Europe, and Australia.

Paper costs increased between 10% and 80% in 1994. Almost all of the Corporation's global markets experienced increases of this magnitude. The Corporation raised prices to pass on paper cost increases and margins were not materially affected. In total, the cost of shipments as a percentage of sales was 65.9% in 1994, compared with 65.3% in 1993. In the fourth quarter of 1994, the ratio was 66.6% compared with 64.4% in the fourth quarter of 1993. LIFO inventory valuation adjustments reduced costs of sales by a small amount in 1994 mainly due to rising paper costs, but the adjustments lowered cost of sales by $8 million in 1993. The fourth quarter of 1994 was adversely affected by restructuring disruptions in the United States forms manufacturing facilities as press equipment was transferred and new employees were trained.

Selling, general and administrative expenses in 1994 were 23.8% of sales, a reduction from 24.4% in 1993. The improvement reflected benefits of $22 million from the 1993 restructuring programs with a worldwide workforce reduction of 775 employees. Major programs during 1994 included the consolidation of sales offices and the realignment of the United States and Canadian Forms, Print Management and Related Products sales organization. Investments were made to simplify the order management process in North America and major benefits of the program will be realized when the system becomes fully operational in the field. Fourth quarter selling, general and administrative expenses of $155 million

were $6 million over 1993, due to the inclusion of the Computer Resources Trust acquisition in Australia and foreign exchange related increases in Brazil, and offset partially by restructuring related reductions in North America and Europe.

The decline in depreciation expense of $3 million, or 3.7%, resulted from gains of $4 million on the sale of closed facilities coupled with the disposal and writedown of $36 million in fixed assets related to the 1993 restructuring charge. The improvement was partially offset by the decision to depreciate newly acquired machinery and furniture and fixtures over 10 years instead of 17 years, and selected information technology asset classes from 5 years to 3 years.

During 1994, research expenditures were concentrated on the product growth segments of proprietary label and variable imaging products. Total 1994 expenditures of $28 million increased $2 million from 1993. The increase was primarily due to costs incurred to enhance Moore's proprietary digitized signature recognition hardware and software, and in the development of proprietary software for the production and distribution of MICR encoded laser cheques for the commercial laser printer market. The fourth quarter year-over-year increase of $3 million resulted from a more uniform flow of project expenditures quarter over quarter in 1994.

Investment income of $46 million in 1994 increased $22 million from $24 million in 1993. The improvement reflected an increase in equity earnings and the elimination of debt guarantee obligations related to the investment in Toppan Moore as a result of the Corporation's agreement to reduce its ownership in Toppan Moore from 45% to 10%.

Interest expense decreased $4 million to $13 million from $17 million in 1993 as the borrowing needs of the Brazilian subsidiary decreased due to a net earnings improvement of 204% over 1993.

The ratio of income taxes to net income before tax of 26.4% was 8.4 percentage points lower than the 1993 effective rate of tax of 34.8%, exclusive of the 1993 fourth quarter restructuring provision. The reduction reflected an increase in equity earnings of associated corporations, investment tax credits, and utilization of tax loss carryforwards in Europe and Brazil.

Forms, Print Management and Related Products ("Forms")

Forms sales of $1,958 million increased $33 million or 2% from 1993. The entire sales improvement was due to a 30% increase in Labels and Label Systems sales to $184 million in 1994. Shipments of forms in the North American market declined 5.8% to $1,322 million in 1994. The decline was attributable to the culling of unprofitable orders, products and businesses; excess industry capacity; customers' reengineering of their work flows, including the trend to electronic imaging and forms; and to shortened production orders.

Sales in the Asia Pacific region were $197 million, an increase of $103 million from 1993 reflecting the acquisition of Computer Resources Trust in Australia, coupled with a 14% sales growth in New Zealand.

The Latin American region benefited from a strong economy in Brazil in the second half of 1994 as the currency stabilized and confidence in the new government rose, propelling Brazil's shipments to a 45% fourth quarter increase, for an annual increase of 24% or $19 million. Less than 3% of the Corporation's revenue is derived from Mexico and the devaluation of the peso at the end of December 1994 did not have a material impact on the Corporation.

Segment operating profit increased to $104 million in 1994 from a loss of $91 million in 1993 which included restructuring charges of $196 million. In the United States, earnings were reduced as volume reductions and the disruption of plant closures more than offset the benefits of restructuring. International units were profitable and Europe and Brazil particularly delivered strong profit improvement in 1994.

Customer Communication Services ("CCS")

Sales of CCS of $448 million increased 10% from 1993 sales of $407 million. Sales grew across all geographical areas with the exception of Brazil where unprofitable products and contracts were either dropped or not renegotiated. CCS sales represent 19% of the Corporation's total sales, up from 18% in 1993.

Segment operating profit in 1994 of $34 million rose $45 million from a loss of $11 million in 1993 which included restructuring charges of $33 million. Income benefited from the implementation of 1993 manufacturing restructuring programs in business communication services units in the United States and Europe, as well as the database services unit in the United States.

Restructuring of Operations

1992 Restructuring Program Activity in 1994

The 1992 provision of $77 million was approved by the Board of Directors within the framework of the Corporate Strategic Plan to accommodate structural changes in the business forms industry and to adapt to a rapidly changing global environment. Of the $77 million, 71% or $55 million related to the Corporation's European operations. Major actions included the reduction of personnel, the elimination of redundant assets and improvements in operating efficiencies.

During 1994, $14 million in costs were charged against the accrual, leaving a balance of $6 million which generally relates to facility closure costs for unsold properties and lease sites coupled with salary continuance payments. This balance is deemed sufficient to cover all remaining restructuring activities which will be substantially completed in 1996.

Major activities in 1994 included the completion of the closure and sale of three plants in the United Kingdom, the sale of two plants in the United States and the sale of the supplies business in Sweden. The number of positions was reduced by 130 during 1994.

1993 Restructuring Program Activity in 1994

The 1993 restructuring program included $87 million to reduce selling, general and administrative expenses; $35 million to restructure

manufacturing and close inefficient operations; and $107 million for asset write-downs which included plant closure costs of $38 million.

Selling, General and Administrative Restructuring

Major restructuring initiatives in this area completed in 1994 included: an early retirement program in the Corporation's United States and Canadian operations which resulted in 539 employees (155 SG&A and 384 manufacturing) out of 688 employees who were eligible electing to retire, and a reorganization of the United States and Canadian forms sales forces from a geographical to a vertical market basis with a workforce reduction of 114. Smaller reorganizations were completed in Brazil, Mexico, Australia, France and the United Kingdom.

A significant component of the 1993 restructuring program was the reengineering of the North American order management system with a reduction of 165 positions by December 31, 1994. The system design and development work has been completed, with a limited-feature phase one release in the first quarter of 1995. A second release, which will incorporate substantial attributes of the new system, is planned and further benefits should be realized in 1997.

Several smaller restructuring initiatives were undertaken in Mexico and Europe. Total costs incurred to date include $19 million in cash expenditures and $37 million in non-cash items. The accrual as at December 31, 1994 is believed to be adequate for the remaining restructuring activities.

Manufacturing Restructuring

Through to December 31, 1994, four plants in the United States, one in Mexico, and one each in Canada, Australia, the United Kingdom and Austria have been closed.

In the United States, the migration to a hub and satellite manufacturing environment is underway, whereby order planning, routing, administrative services and prepress work is performed in the hub site with the satellite becoming solely a manufacturing facility. The initiative is scheduled for completion in 1995. As a result of this initiative, a total of 157 positions were eliminated during 1994.

Smaller manufacturing restructuring programs were also completed in the United States in the business communication services unit, as well as in Mexico, Brazil, Australia, Canada and Europe.

Total costs incurred during 1994 were $16 million for manufacturing restructuring and $7 million for plant closure costs. All represented cash expenditures. The number of employees was reduced by 1,867. The accrual as at December 31, 1994 of $16 million for manufacturing restructuring and $21 million for plant closure costs included in asset write-offs is expected to be adequate for the remaining restructuring activities.

Of the total above costs, $28 million reflects the decision made in the second quarter of 1994 to further improve manufacturing operations in North America and to curtail the planned restructuring of operations in Europe by a similar amount due to improved business and operating results in Europe.

Asset Write-Offs

During 1994, the Corporation's asset write-off programs (excluding plant closure costs) were completed with the exception of $3 million in surplus equipment awaiting final disposition, principally from facilities closed or in the process of closing, coupled with the completion of the pending sale of two small businesses, and $1 million in various smaller restructuring activities.

Total asset write-offs recorded in 1994 were $62 million and primarily represented non-cash expenditures. The remaining accrual of $12 million (excluding plant closure costs) as of December 31, 1994 is expected to cover all remaining restructuring activities which should be fully completed in 1996.

Summary

Management believes that the restructuring programs over the past several years have been successful in reducing the Corporation's cost structure, although sales volume declines have mitigated the overall earnings improvement.

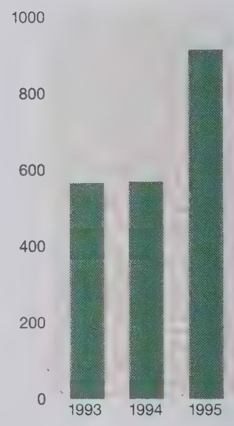
Liquidity in 1995

Current and future cash requirements including debt obligations continue to be predominately covered by internally generated funds supplemented by borrowing as required. At December 31, 1995, the Corporation's cash and short-term securities of $722 million consisted of time deposits ($558 million), commercial paper ($106 million), repurchase agreements ($30 million) and cash ($28 million).

Net cash resources increased $457 million during 1995, principally from the $355 million Toppan Moore sales proceeds. In addition, the Corporation received cash of $27 million from the sale of two non-strategic business units and $59 million upon the elimination of pledge deposits no longer required to guarantee bank borrowings in Australia and Mexico.

Cash generated from operations was $207 million in 1995, an increase of $27 million from 1994 due to increased net earnings and lower working capital requirements. In the third quarter of 1995, a program was initiated whereby the Corporation's rights to specific customer finished goods inventory in the United States were sold to third parties who have assumed all risks of ownership. The impact of the program in 1995 was to increase cash from operations by $54 million and reduce inventories by $34 million.

Working Capital
(millions of dollars)



Asset management programs resulted in a $53 million reduction of inventories and a $33 million increase in trade accounts payable. Current income taxes increased $74 million from the 1994 level entirely due to the taxes payable in the first quarter of 1996 on the sale of the Corporation's 35% equity interest in Toppan Moore. The working capital ratio remained strong, improving to 2.7:1 in 1995 from 2.3:1 in 1994 while the long-term debt to total shareholders' equity ratio was maintained at 0.1:1.

The Corporation had available unused lines of credit at December 31, 1995 of $1.3 billion for short-term financing. The increase of $1.1 billion over 1994 was attributable to the syndicated credit facility with 14 financial

institutions, signed on August 10, 1995, in anticipation of financing acquisitions and general corporate purposes. If acquisitions or investments are made, the Corporation will raise debt in public markets to repay drawdowns on the credit facility and to raise additional cash as needed.

Capital Resources

The Corporation's strong financial position will enable it to take advantage of opportunities to expand the business and broaden the product line through strategic alliances, joint ventures and acquisitions.

The Corporation formed a new company in China called Shanghai Jielong Moore Business Forms & Systems Ltd. which is 60% owned by Moore and will market business forms and information handling solutions. Also, Moore Asia Pacific Limited acquired 25% of UNI-Tech Systems Engineering Limited, a Hong Kong-based firm which provides information technology consulting, systems design, development and implementation services.

During 1995, the Corporation announced its intention to acquire Wallace Computer Services, Inc. ("Wallace"), a manufacturer of information management products and services in the United States. Moore made a cash tender offer for the outstanding shares of Wallace of $60 per share, which had been increased from the August 2, 1995, original tender offer of $56 per share. The tender offer expired on December 20, 1995 without the purchase of any shares. Nonetheless, the Corporation was successful in electing three nominees to the Wallace Board of Directors at Wallace's December 8, 1995 annual meeting of shareholders. Based on the $60 per share offer price, the consideration for the acquisition would have been approximately $1.4 billion which would have been financed from a combination of cash resources and the previously mentioned $1.1 billion syndicated credit facility.

Although Moore's tender offer expired, the Corporation is still committed to achieving a business combination of Moore and Wallace. In the event Moore and Wallace reach an agreement, it is anticipated that future cash requirements including debt obligations will continue to be predominately covered by internally generated funds of the combined companies, supplemented by borrowing as required. Since there has been no agreement as yet, the Corporation expensed $13 million of acquisition costs in the 1995 fourth quarter.

Capital expenditures of $87 million in 1995, which were mainly for machinery and equipment, compare with $77 million and $82 million in 1994 and 1993, respectively. Included in 1995 expenditures were $5 million of environmentally related expenditures (1994 – $6 million; 1993 – $5 million). Capital expenditures in 1996 are anticipated to total $125 million. The 1996 capital program will continue to advance the information technology infrastructure of the Corporation, increase capacity and quality in all business segments, and upgrade short-run and medium-run press technologies.

A comparative summary of capital employed in the business follows:

Capital Employed

(in millions)	1995	%	1994	%	1993	%
Shareholders' equity	$ 1,488	87	$ 1,365	85	$ 1,313	86
Long-term debt	72	4	78	5	67	4
Deferred income taxes and liabilities	127	7	131	8	132	9
Bank loans	31	2	32	2	21	1
	$ 1,718	100	$ 1,606	100	$ 1,533	100

During 1995, the capital employed in the business increased by $112 million.

Effects of Inflation and Changing Prices

The Corporation's business is affected by the rate of inflation in each country in which it operates. With the exception of Brazil, Mexico, Central America, and Venezuela, the rates of inflation in most countries where the Corporation has operations are relatively low. Selling prices and the volume sold are influenced more by supply and demand in the various markets served by the Corporation than by inflationary pressures.

The strategy employed worldwide is to offset cost increases by purchasing more effectively, by improving manufacturing and operating efficiencies, and by increasing value-added products and services. The Corporation in the normal course of business enters into hedging contracts to manage foreign exchange risk but does not enter into derivative financial instruments for trading purposes.

Canadian and United States Generally Accepted Accounting Principles

The consolidated financial statements of the Corporation are prepared in accordance with accounting principles generally accepted in Canada. However, since the common shares of the Corporation are listed on the New York Stock Exchange, in addition to the Toronto and Montreal exchanges, and the Corporation is a foreign registrant with the Securities and Exchange Commission of the United States, the Corporation must comply with the integrated disclosure rules of the Securities and Exchange Commission and publish net earnings and net earnings per share prepared in accordance with accounting principles generally accepted in the United States.

A review of the differences between Canadian and United States GAAP that have an effect on earnings, and comparative net earnings and net earnings per share based on United States GAAP is presented in Note 21 to the consolidated financial statements. The Corporation has evaluated all new accounting standards required to be adopted in the United States and determined that the implementation of such standards will not have a material impact on the financial statements. Comparative unaudited quarterly financial information based on United States GAAP is presented on page 52.

Consolidated Balance Sheet

As at December 31
Expressed in United States currency
in thousands of dollars

	1995	1994
Assets		
Current assets:		
Cash and short-term securities at cost, which approximates market value	$ 721,986	$ 266,865
Accounts receivable, less allowance for doubtful accounts of $13,933 (1994 – $14,185)	477,016	435,552
Inventories (Note 2)	191,831	244,502
Prepaid expenses	22,529	23,181
Deferred income taxes	36,360	39,614
Total current assets	1,449,722	1,009,714
Property, plant and equipment:		
Land	25,605	33,717
Buildings	244,128	269,778
Machinery and equipment	1,075,257	1,052,869
	1,344,990	1,356,364
Less: Accumulated depreciation	772,982	749,268
	572,008	607,096
Investment in associated corporations (Note 3)	34,361	249,776
Other assets (Note 4)	179,547	164,750
	$ 2,235,638	$ 2,031,336
Liabilities		
Current liabilities:		
Bank loans (Note 5)	$ 30,652	$ 32,328
Accounts payable and accruals (Note 6)	393,635	371,138
Dividends payable	23,470	23,399
Income taxes	93,973	19,743
Total current liabilities	541,730	446,608
Long-term debt (Note 7)	71,512	77,495
Deferred income taxes and liabilities (Note 8)	126,673	130,972
Equity of minority shareholders in subsidiary corporations	7,553	11,087
	747,468	666,162
Shareholders' equity		
Share capital (Note 9)	342,170	336,964
Unrealized foreign currency translation adjustments (Note 10)	(41,974)	13,953
Retained earnings	1,187,974	1,014,257
	1,488,170	1,365,174
	$ 2,235,638	$ 2,031,336

Approved by the Board of Directors:

R. Braun
Director

James D. Farley

J.D. Farley
Director

Consolidated Statement of Earnings

For the year ended December 31
Expressed in United States currency and,
except earnings per share, in thousands of dollars

	1995	1994	1993
Sales	$ 2,602,254	$ 2,406,048	$ 2,331,796
Cost of sales	1,766,671	1,585,990	1,522,904
Selling, general and administrative expenses	607,080	573,786	570,017
Provision for restructuring costs (Note 14)	–	–	229,000
Depreciation	76,391	78,919	81,940
Research and development expense	27,940	28,380	26,337
	2,478,082	2,267,075	2,430,198
Income (loss) from operations	124,172	138,973	(98,402)
Investment and other income (Notes 3 and 13)	281,178	45,645	23,787
Interest expense (Note 13)	11,794	13,099	17,187
Unrealized exchange adjustments	1,696	5,179	3,331
Earnings (loss) before income taxes and minority interests	391,860	166,340	(95,133)
Income taxes expense (recovery) (Note 15)	123,738	43,853	(18,796)
Minority interests	621	1,087	1,269
Net earnings (loss)	$ 267,501	$ 121,400	$ (77,606)
Net earnings (loss) per common share (Note 16)	$ 2.68	$ 1.22	$ (0.78)
Average shares outstanding (in thousands)	99,754	99,538	99,487

Consolidated Statement of Retained Earnings

For the year ended December 31
Expressed in United States currency
in thousands of dollars

	1995	1994	1993
Balance at beginning of year	$ 1,014,257	$ 986,424	$ 1,157,551
Net earnings (loss)	267,501	121,400	(77,606)
	1,281,758	1,107,824	1,079,945
Dividends 94¢ per share (94¢ in 1994 and 1993)	93,784	93,567	93,521
Balance at end of year	$ 1,187,974	$ 1,014,257	$ 986,424

Consolidated Statement of Cash Flows

For the year ended December 31
Expressed in United States currency
in thousands of dollars

	1995	1994	1993
Operating activities			
Net earnings (loss)	$ 267,501	$ 121,400	$ (77,606)
Items not affecting cash resources:			
Depreciation *(a)*	78,869	80,977	84,045
Equity in earnings of associated corporations	(1,347)	(24,291)	(5,876)
Amortization of goodwill and deferred charges	6,223	6,185	19,935
Increase (decrease) in pension reserves	(1,101)	10,795	7,520
Gain from sale of an investment	(248,174)	–	–
Provision for restructuring costs, net of cash	–	–	226,763
Other	3,177	2,259	1,693
	(162,353)	75,925	334,080
Decrease (increase) in working capital other than cash resources:			
Accounts receivable	(41,464)	(15,747)	6,410
Inventories	52,671	10,845	17,627
Accounts payable and accruals	19,077	(24,099)	120,281
Income taxes	74,230	8,195	278
Deferred income taxes	3,625	13,814	(19,689)
Working capital effect of provision for restructuring costs	1,917	(4,656)	(161,342)
Other	(8,614)	(6,020)	(2,891)
	101,442	(17,668)	(39,326)
Total	$ 206,590	$ 179,657	$ 217,148
Investing activities			
Expenditure for property, plant and equipment	$ (86,605)	$ (77,014)	$ (82,009)
Sale of property, plant and equipment	24,374	13,650	3,963
Decrease (increase) in long-term receivables	53,651	(13,857)	(32,130)
Acquisition of businesses	–	(1,212)	(25,356)
Disposal of businesses	27,057	3,434	–
Proceeds from sale of an investment	354,693	–	–
Investment in associated corporations	(1,496)	(21,076)	(408)
Other	(29,131)	2,597	(14,688)
Total	$ 342,543	$ (93,478)	$ (150,628)
Financing activities			
Dividends	$ (93,784)	$ (93,567)	$ (93,521)
Addition to long-term debt	5,450	9,838	19,256
Reduction in long-term debt	(9,924)	(7,049)	(22,440)
Other	3,833	468	405
Total	$ (94,425)	$ (90,310)	$ (96,300)
Increase (decrease) in cash resources before unrealized exchange adjustments	$ 454,708	$ (4,131)	$ (29,780)
Unrealized exchange adjustments	2,089	(2,229)	1,567
Increase (decrease) in cash resources	456,797	(6,360)	(28,213)
Cash resources at beginning of year *(b)*	234,537	240,897	269,110
Cash resources at end of year *(b)*	$ 691,334	$ 234,537	$ 240,897

(a) Includes depreciation that has been classified in research and development expense.
(b) Cash resources are defined as cash and short-term securities less bank loans.

Notes to Consolidated Financial Statements

Year ended December 31
Expressed in United States currency

1. Summary of accounting policies

Accounting principles

Moore Corporation Limited is incorporated under the laws of the Province of Ontario, Canada.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

Principles of consolidation

The financial statements of entities which are controlled by the Corporation, referred to as subsidiaries, are consolidated; entities which are not controlled and which the Corporation has the ability to exercise significant influence over, referred to as associated companies, are accounted for using the equity method; and investments in other entities are accounted for using the cost method.

Translation of foreign currencies

The consolidated financial statements are expressed in United States currency because a significant part of the net assets and earnings are located or originate in the United States. Except for the foreign currency financial statements of subsidiaries in countries with highly inflationary economies, Canadian and other foreign currency financial statements have been translated into United States currency on the following bases: all assets and liabilities at the year-end rates of exchange; income and expenses at average exchange rates during the year.

Net unrealized exchange adjustments arising on translation of foreign currency financial statements are charged or credited directly to shareholders' equity and shown as unrealized foreign currency translation adjustments.

The foreign currency financial statements of subsidiaries in countries with highly inflationary economies are translated into United States currency on the following bases: current assets (excluding inventory), current liabilities, pension liabilities, long-term receivables and long-term debt, at the year-end rates of exchange; all other assets, liabilities, accumulated depreciation and related charges against earnings and share capital, at historical rates of exchange; income and expenses, other than depreciation and cost of sales, at average exchange rates during the year.

Net unrealized exchange adjustments arising on translation of foreign currency financial statements of subsidiaries in countries with highly inflationary economies are charged to earnings as unrealized exchange adjustments.

Realized exchange losses or gains are included in earnings. Unrealized exchange losses or gains related to monetary items with a fixed or ascertainable life extending beyond the end of the following fiscal year are deferred and amortized over the remaining life of the asset or liability.

Financial instruments

The Corporation enters into forward exchange contracts to manage exposures resulting from foreign exchange fluctuations in the ordinary course of business. The contracts are normally for terms up to six months and are used as hedges of foreign denominated revenue streams, costs, and intercompany loans. The unrealized gains and losses on outstanding contracts are offset against the gains and losses of the hedged item at the maturity of the underlying transactions.

Short-term securities consist of investment grade, highly liquid instruments of highly rated financial institutions and corporations.

Inventories

Inventories of raw materials and work in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value. The cost of the principal raw material inventories and the raw material content of finished goods inventories in the United States is determined on the last-in, first-out basis. The cost of all other inventories is determined on the first-in, first-out basis.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost after deducting investment tax credits and other grants on eligible capital assets. Depreciation is provided on a basis that will amortize the cost of depreciable assets over their estimated useful lives using the straight-line method. All costs for repairs and maintenance are expensed as incurred.

The estimated useful lives of buildings range from 20 to 50 years and of machinery and equipment from 3 to 17 years.

Gains or losses on the disposal of property, plant and equipment are included in earnings and the cost and accumulated depreciation related to these assets are removed from the accounts.

Goodwill

The estimated useful life of goodwill arising from acquisitions is determined based on the particular circumstances of each investment. Goodwill is amortized on a straight-line basis over its estimated useful life, not exceeding forty years, and is written down when there has been a permanent impairment of its value.

Amortization of deferred charges

Deferred charges include development costs and computer software costs which are amortized over periods deemed appropriate to match expenses with the related revenues, up to a maximum of five years.

Income taxes

Income taxes are accounted for on the tax allocation basis which relates income taxes to the accounting income for the year.

No provision has been made for taxes on undistributed earnings of subsidiaries not currently available for paying dividends as such earnings have been reinvested in the business.

2. Inventories *(in thousands)*

	1995	1994
Raw materials	$ 61,687	$ 74,161
Work in process	24,013	27,280
Finished goods	99,870	131,883
Other	6,261	11,178
	$ 191,831	$ 244,502

The excess of the current cost over the last-in, first-out cost of those inventories is approximately $41,300,000 at December 31, 1995 (1994 – $40,700,000).

In 1995, a program was initiated whereby the Corporation's rights to specific customer finished goods inventory in the United States were sold to third parties. The reduction in inventory resulted in a $9 million LIFO credit to cost of goods sold.

3. Investment in associated corporations *(in thousands)*

	1995	1994
JetForm Corporation	$ 17,219	$ 19,575
Sigma Schede S.p.A.	7,978	8,200
Toppan Moore Company, Ltd.	–	212,541
Other	9,164	9,460
	$ 34,361	$ 249,776

In March 1995, the Corporation reduced its investment in Toppan Moore Company, Ltd. (Toppan Moore) from 45% to 10%, by selling a 35% equity interest to Toppan Printing Company, Ltd. for approximately $355 million, payable in Japanese yen. The remaining 10% investment in Toppan Moore has been transferred to other assets (Note 4).

4. Other assets *(in thousands)*

	1995	1994
Prepaid pension cost	$ 44,131	$ 35,800
Deposits pledged as security for long-term loans	–	55,993
Notes receivable	16,080	16,010
Other long-term receivables	9,877	6,917
Investment in Toppan Moore Company, Ltd.	53,426	–
Long-term bonds, at cost which approximates market value	21,168	21,455
Goodwill, net of accumulated amortization of $28,672 (1994 – $26,167)	14,598	18,388
Other	20,267	10,187
	$ 179,547	$ 164,750

5. Bank loans

The weighted average interest rate on bank loans outstanding as of December 31, 1995, was 8.4% (1994 – 10.7%).

The unused lines of credit outstanding at December 31, 1995 for short-term financing are $1,272,799,000 (1994 – $147,066,000).

6. Accounts payable and accruals *(in thousands)*

	1995	1994
Trade accounts payable	$ 167,094	$ 133,999
Other payables	76,798	39,775
	243,892	173,774
Accrued restructuring costs	17,540	79,767
Accrued payroll costs	45,619	44,269
Accrued employee benefit costs	25,136	26,857
Other accruals	61,448	46,471
	149,743	197,364
	$ 393,635	$ 371,138

7. Long-term debt *(in thousands)*

	1995	1994
Moore Corporation Limited		
Bank loan payable in Japanese yen bearing interest at 7.2%, due 1997	$ 6,086	$ 12,622
Moore Business Systems Australia Limited		
Bank loan, subject to renegotiation in 1996, payable in Australian dollars bearing interest at the Australian Bank Bill rate plus 0.275%	44,592	44,597
Moore de Mexico Holdings, S.A. de C.V.		
Bank loan, subject to renegotiation in 1996, payable in United States dollars bearing interest at the London Interbank Offer rate plus 0.3% (1994 – 0.2%)	14,528	14,528
Other		
Secured loans	628	1,245
Capital lease commitments	2,928	3,653
Unsecured loans	2,750	850
	$ 71,512	$ 77,495

The other long-term debt bears interest at rates ranging from 6.1% to 20.0% and matures on various dates to 2005. Loans of other subsidiaries amounting to $3,310,000 (1994 – $4,751,000) are payable in currencies other than United States dollars.

The net book value of assets subject to lien approximates $15,000,000 (1994 – $69,000,000). The liens are primarily mortgages against property, plant and equipment and pledges of accounts receivable and inventory.

Amounts of $8,022,000 (1994 – $5,764,000) of long-term debt due within one year are included in current liabilities. For the years 1997 through 2000, payments required on long-term debt are as follows: 1997 – $7,330,000; 1998 – $893,000; 1999 – $862,000; and 2000 – $685,000.

8. Deferred income taxes and liabilities

Non-current deferred income taxes amount to $53,016,000 (1994 – $54,640,000).

Deferred liabilities include $64,876,000 (1994 – $67,177,000) for pensions under various retirement plans (Note 11).

9. Share capital

The Corporation's articles of incorporation provide that its authorized share capital be divided into an unlimited number of common shares without par value and an unlimited number of preference shares without par value, issuable in one or more series, and non-voting except on arrears of dividends.

Changes in the issued common share capital

	Shares Issued	Amount *(in thousands)*
Balance, January 1, 1993	99,468,940	$ 335,308
Exercise of executive stock options	52,900	842
Employee awards	1,780	31
Balance, December 31, 1993	99,523,620	336,181
Dividend Reinvestment and Share Purchase Plan	25,854	452
Exercise of executive stock options	19,300	305
Employee awards	1,380	26
Balance, December 31, 1994	99,570,154	336,964
Exercise of executive stock options	259,710	4,265
Dividend Reinvestment and Share Purchase Plan	46,679	941
Balance, December 31, 1995	99,876,543	$ 342,170

On February 16, 1994, the Board approved the Dividend Reinvestment and Share Purchase Plan whereby shareholders of the Corporation have two methods of obtaining additional shares at market value without incurring brokerage or service charges. The Dividend Reinvestment Option allows participants to use their dividends to purchase additional shares of the Corporation. The Share Purchase Option allows shareholders to purchase shares by making cash payments of not less than $50 (Cdn.) and not more than $5,000 (Cdn.) in each quarter.

Pursuant to the terms of the 1994 Long Term Incentive Plan approved by the shareholders of the Corporation on April 14, 1994, 3,000,000 common shares of the Corporation were reserved for issuance. Under the terms of this plan, stock options, stock appreciation rights, and restricted stock awards may be granted to certain key employees. The exercise price under all options involving the common shares of the Corporation shall not be less than 100% of fair market value of the shares covered by the option on the date of grant.

Options may be exercised at such times as are determined at the date they are granted and expire not more than ten years from the date granted.

The Corporation will be asking shareholders to approve at the April 25, 1996 Annual and Special Meeting of Shareholders, amendments to the 1994 Long Term Incentive Plan, primarily to increase the number of shares which are reserved under the plan to 5,500,000.

Stock option activity in 1995

Years granted	1995	1994	1993	1991	1989	1988	1987	1985	Total
Number of common shares under option outstanding December 31, 1994	–	1,193,400	985,900	375,200	324,800	303,100	252,100	149,250	3,583,750
Options granted	**1,569,500**	–	–	–	–	–	–	–	1,569,500
Options lapsed	**(73,500)**	(139,760)	(103,100)	(51,000)	(48,200)	(39,800)	(29,400)	(74,500)	(559,260)
Options exercised	–	(24,260)	(154,600)	–	–	(9,600)	–	(71,250)	(259,710)
Options cancelled	–	(5,480)	–	(1,600)	–	–	–	(3,500)	(10,580)
Outstanding December 31, 1995	**1,496,000**	1,023,900	728,200	322,600	276,600	253,700	222,700	–	4,323,700
Option price per share Canadian currency	**$ 26.23***	$ 24.79*	$ 22.29*	$ 29.31	$ 34.88	$ 28.56	$ 31.88	$ 25.00*	

**Weighted average option price*

Under the terms of the 1994 Long Term Incentive Plan, there were 2,187,800 common shares available for grants as of January 1, 1995 and 810,660 as of December 31, 1995.

On April 27, 1995, the shareholders of the Corporation reconfirmed the Corporation's shareholder rights plan ("Rights Plan"), the terms and conditions of which are set out in the Shareholders Rights Plan Agreement ("Rights Agreement"), dated as of April 12, 1995. The Rights Agreement amends and restates the terms of the shareholder rights plan agreement, dated January 18, 1990.

The Rights Plan was originally adopted to provide the Corporation with sufficient time, in the event of a public takeover bid or tender offer for the Corporation's common shares, to pursue alternatives to enhance shareholder value. All holders of Rights, with the exception of such acquiring person or group, are entitled to purchase from the Corporation upon payment of an exercise price of $120.00 (Cdn.) the number of additional common shares that can be purchased for twice the exercise price, based on the market value of the Corporation's common shares at the time the Rights become exercisable.

The amended and restated Rights Plan included the following changes: 1) an increase from 15% to 20% in the level of share ownership to trigger the plan, 2) more exemptions for investment and fund managers, 3) more streamlined "permitted bid" provisions which allow the making of partial bids and require that a permitted bid be open for acceptance for a minimum of 75 days and 4) an automatic waiver of the plan to competing bids if the plan is waived with respect to any other bid.

The Board of Directors made no awards of common shares to employees in 1995 (1994 – 1,380).

As at December 31, 1995, there were no issued preference shares.

10. Unrealized foreign currency translation adjustments *(in thousands)*

	1995	1994	1993
Balance at beginning of year	**$ 13,953**	$ (9,709)	$ (17,351)
Translation adjustment:			
Canada	**10,906**	(30,344)	(23,360)
Japan	**(56,768)**	20,843	17,627
Netherlands	**(5,719)**	27,095	19,199
Other	**(4,346)**	6,068	(5,824)
Balance at end of year	**$ (41,974)**	$ 13,953	$ (9,709)

The translation adjustments for each year result from the variation from year to year in rates of exchange at which foreign currency net assets are translated to United States currency.

11. Retirement programs

Defined benefit pension plan

The Corporation and its subsidiaries have several programs covering substantially all of the employees in Canada, the United States, Puerto Rico, the United Kingdom, Australia and New Zealand.

The following data is based upon reports from independent consulting actuaries as at December 31:

	Canada			United States			International		
	1995	1994	1993	**1995**	1994	1993	**1995**	1994	1993
Funded Status									
(in thousands)									
Actuarial present value of:									
Vested benefit obligation	**$ 54,130**	$ 51,017	$ 52,868	**$ 556,224**	$ 444,230	$ 434,620	**$ 70,081**	$ 68,407	$ 62,144
Accumulated benefit obligation	**57,500**	54,046	56,702	**594,541**	470,225	471,747	**70,417**	68,977	63,207
Projected benefit obligation	**$ 71,318**	$ 67,234	$ 67,262	**$ 683,025**	$ 531,452	$ 561,766	**$ 76,795**	$ 74,693	$ 70,507
Plan assets at fair value	**88,249**	75,055	83,598	**597,502**	522,616	556,685	**124,947**	113,675	113,475
Excess (shortfall) of plan assets over projected benefit obligation	**16,931**	7,821	16,336	**(85,523)**	(8,836)	(5,081)	**48,152**	38,982	42,968
Unrecognized net loss (gain)	**(2,595)**	4,730	(787)	**13,194**	(62,524)	(26,952)	**(16,191)**	(11,241)	(17,002)
Unrecognized net asset	**(4,941)**	(5,772)	(7,135)	**(15,250)**	(18,298)	(21,346)	**(6,172)**	(8,624)	(10,239)
Unrecognized prior service cost	**2,681**	2,871	3,318	**37,208**	42,518	47,828	**4,538**	4,496	2,592
Prepaid (accrued) pension cost included in consolidated balance sheet	**$ 12,076**	$ 9,650	$ 11,732	**$ (50,371)**	$ (47,140)	$ (5,551)	**$ 30,327**	$ 23,613	$ 18,319
Pension Expense									
(in thousands)									
Service cost	**$ 2,109**	$ 2,095	$ 2,173	**$ 12,810**	$ 17,072	$ 16,580	**$ 2,734**	$ 2,992	$ 3,103
Interest cost	**5,805**	5,365	5,880	**44,675**	43,315	38,552	**5,863**	5,555	5,346
Actual return on assets	**(14,274)**	1,978	(16,678)	**(110,316)**	173	(71,333)	**(19,503)**	2,700	(22,289)
Net amortization and deferral	**7,205**	(8,652)	9,535	**56,062**	(51,340)	25,659	**5,484**	(14,752)	12,061
Net pension expense (credit)	**$ 845**	$ 786	$ 910	**$ 3,231**	$ 9,220	$ 9,458	**$ (5,422)**	$ (3,505)	$ (1,779)
Other Information									
Assumptions:									
Discount rates									
January 1	**8.5%**	8.5%	9.5%	**8.8%**	7.5%	8.3%	**8.4%**	7.5%	8.3%
December 31	**8.5%**	8.5%	8.5%	**7.0%**	8.8%	7.5%	**7.8%**	8.3%	7.5%
Rate of return on assets	**8.5%**	8.5%	8.5%	**9.5%**	9.5%	9.5%	**9.5%**	9.5%	9.5%
Rate of compensation increase	**5.5%**	5.5%	5.5%	**5.5%**	5.5%	5.5%	**7.0%**	7.2%	7.2%
Amortization period	**15 years**	15 years	15 years	**13 years**	14 years	15 years	**11 years**	11 years	11 years

During 1994, the Corporation offered an enhanced retirement program to eligible employees ages 57 and over in the United States and in Canada who retired between May 1, 1994 and July 1, 1994. Eligible employees were granted five additional years of age and service in the defined benefit pension calculation, and will receive a temporary supplement until age 62 in the United States and age 65 in Canada. Since the enhanced retirement program for the United States plan constituted a significant event, a remeasurement of the plan's liabilities and assets was performed as of May 1, 1994 using an 8¼% discount rate and this rate was used to determine net periodic pension cost for the remainder of 1994. The enhanced retirement program was provided for in the 1993 provision for restructuring costs and the final charge of $36.4 million (before taxes) was taken against the restructuring costs accrual in 1994.

In some subsidiaries, where either state or funded retirement plans exist, there are certain small supplementary unfunded plans. Pensionable service prior to establishing funded contributory retirement plans in other subsidiaries, covered by former discretionary non-contributory retirement plans, was assumed as a prior service obligation. In addition, the Corporation has entered into retiring allowance and supplemental retirement agreements with certain senior executives. The deferred liability for pensions at December 31, 1995, referred to in Note 8, includes the unfunded portion of this prior service obligation and the supplementary unfunded plans.

All of the retirement plans are non-contributory except the New Zealand plan. Retirement benefits are generally based on years of service and employees' compensation during the last years of employment. However, in the United States the retirement benefit accrues each year based upon compensation for that year. At December 31, 1995, approximately 70% of the United States plan's assets, about 60% of the Canadian plan's assets and approximately 85% of the international plan's assets were held in equity securities with the remaining portion of the asset funds being mainly fixed income securities. The Corporation's funding policy is to satisfy the funding standards of the regulatory authorities and to make contributions in order to provide for the accumulated benefit obligation and current service cost. To the extent that pension obligations are fully covered by existing assets, a contribution may not be made in a particular year.

Defined contribution pension plan

Savings plans are maintained in Canada, the United States, the United Kingdom and Australia. Only the savings plan in the United Kingdom requires company contributions for all employees who are eligible to participate in the retirement plans. These annual contributions consist of a retirement savings benefit contribution ranging from 1% to 3% of each year's compensation depending upon age. For all savings plans, if an employee contribution is made, a portion of such contribution is matched by the company. Also, a defined contribution plan is maintained in The Netherlands. The plan expenses in 1995 were $7,415,000 (1994 – $7,586,000; 1993 – $6,008,000).

12. Postretirement health care and life insurance benefits

In addition to providing pension benefits, the Corporation and its United States subsidiary provide retired employees with health care and life insurance benefits. The cost of these health care and life insurance benefits is recognized as an expense as incurred. In 1995, the cost of these benefits was approximately $15,550,000 (1994 – $13,590,000; 1993 – $11,900,000).

13. Consolidated statement of earnings information *(in thousands)*

	1995	1994	1993
Interest expense			
Interest on long-term debt	$ 7,273	$ 5,723	$ 4,862
Other interest	4,521	7,376	12,325
	$ 11,794	$ 13,099	$ 17,187
Investment and other income			
Interest on short-term investments	$ 36,552	$ 17,873	$ 17,037
Equity in earnings of associated corporations	1,347	24,291	5,876
Gain on sale of 35% equity interest in Toppan Moore	248,174	–	–
Costs related to the proposed acquisition of Wallace Computer Services, Inc.	(12,508)	–	–
Miscellaneous	7,613	3,481	874
	$ 281,178	$ 45,645	$ 23,787
Other expenses			
Rent	58,680	56,231	55,761
Repairs and maintenance	54,376	54,689	55,954
Retirement programs	8,951	18,059	19,467

14. Provision for restructuring costs

In the fourth quarters of 1992 and 1993, the Corporation's Board of Directors approved the following restructuring programs and related provisions within the framework of the Corporation's Strategic Plans to eliminate redundant assets, reduce personnel and improve efficiencies.

The 1992 restructuring provision of $77 million before tax or $0.62 per share after tax included $33 million for asset write-offs, $26 million for manufacturing restructuring, and $18 million to reduce selling, general and administrative expenses. Of the total provision, 71% related to European operations, where sales had declined and the product mix had changed and the remainder was related to North American operations. Approximately $44 million of the provision represented cash expenditures.

The 1993 restructuring provision of $229 million before tax or $1.67 per share after tax was made to position the Corporation for the future, recognizing the rapid changes occurring in technology and the market. The restructuring provision included $107 million for asset write-offs, $87 million to reduce selling, general and administrative expenses, and $35 million to restructure manufacturing facilities and close inefficient operations.

The remaining reserve balance as at December 31, 1995 of $21 million represents primarily cash expenditures for an order management system in North America, facility closure costs and severance payments. The balance is deemed sufficient to cover all remaining restructuring activities of the 1993 restructuring program.

The following table sets forth the Corporation's activity in its restructuring reserves from 1992 to 1995.

Restructuring programs *(in millions)*

	Selling, General & Administrative	Manufacturing Reorganization	Total Costs	Asset Write-offs	Total Provision
1992 Restructuring provision	$ 18	$ 26	$ 44	$ 33	$ 77
Reserve balance, December 31, 1992	18	26	44	33	77
Cash payments	(15)	(17)	(32)	–	(32)
Non-cash items	–	–	–	(28)	(28)
1993 Restructuring provision	87	35	122	107	229
Reserve balance, December 31, 1993	90	44	134	112	246
Cash payments	(21)	(25)	(46)	(16)	(62)
Early retirement	(36)	–	(36)	–	(36)
Non-cash items	(1)	(2)	(3)	(55)	(58)
Reserve balance, December 31, 1994	32	17	49	41	90
Cash payments	(21)	(13)	(34)	(26)	(60)
Non-cash items	–	–	–	(9)	(9)
Reserve balance, December 31, 1995	$ 11	$ 4	$ 15	$ 6	$ 21

15. Income taxes

The components of earnings before income taxes for the three years ended December 31 were as follows:

	1995	1994	1993
Earnings (loss) before income taxes *(in thousands)*			
Canada	$ 278,445	$ 30	$ (17,820)
United States	61,055	97,118	(35,398)
Other countries	52,360	69,192	(41,915)
	$ 391,860	$ 166,340	$ (95,133)

	1995		1994		1993	
	Current	Deferred	Current	Deferred	Current	Deferred
Provision for income taxes *(in thousands)*						
Canada (federal and provincial)	$ 104,884	$ 1,922	$ (2,175)	$ 2,374	$ (3,073)	$ (3,025)
United States (federal and state)	9,826	9,784	26,734	11,318	41,186	(55,216)
Other countries	8,559	(12,836)	7,407	(2,082)	5,131	(4,222)
Withholding taxes on intercompany dividends	1,599	–	277	–	423	–
	$ 124,868	$ (1,130)	$ 32,243	$ 11,610	$ 43,667	$ (62,463)

Deferred income taxes in each of the three years arose from a number of differences of a timing nature between income for accounting purposes and taxable income in the jurisdictions in which the Corporation and its subsidiaries operate. The sources of major timing differences and the tax effect of each were as follows:

Deferred income taxes *(in thousands)*	1995	1994	1993
Depreciation	**$ 4,632**	$ 2,020	$ 218
Pensions	**1,975**	(3,095)	(2,639)
Inventories	**453**	(432)	977
Restructuring costs	**4,086**	14,592	(62,112)
Reserves deferring recognition of profit and expenses, net	**235**	(453)	(596)
Net operating loss carryforwards	**(13,102)**	(1,597)	(296)
Other	**591**	575	1,985
	$ (1,130)	$ 11,610	$ (62,463)

The effective rates of tax for each year compared with the statutory Canadian rates were as follows:

	1995	1994	1993
Effective tax expense (recovery) rate			
Canada			
Combined federal and provincial statutory rate	**43.8%**	43.8%	(43.8)%
Corporate surtax	**1.1**	0.8	(0.8)
Manufacturing and processing rate reduction	**(6.3)**	(6.6)	7.2
Tax rate differences in other jurisdictions	**(7.2)**	(12.0)	(7.0)
Unrelieved restructuring and other costs	**–**	–	23.7
Withholding taxes	**0.4**	0.2	0.4
Other	**(0.2)**	0.2	0.5
Total consolidated effective tax expense (recovery) rate	**31.6%**	26.4%	(19.8)%

At December 31, 1995, the losses carried forward which have not been recognized in the financial statements were approximately $111 million. Of that amount, $19 million expire between 1996 and 2005 and the other $92 million have no expiry date.

16. Earnings and fully diluted earnings per common share

The earnings per share calculations are based on the weighted average number of common shares outstanding during the year.

If it were assumed that all outstanding stock options had been exercised at the beginning of the year and the funds derived therefrom of $3 million invested at an annual return of 3.6% net of tax, the earnings (loss) per share for the year would have been $2.61 [1994 – $1.20; 1993 – $(0.78)].

17. Segmented information

The Corporation and its subsidiaries have operated in primarily two industries during the three years ended December 31, 1995:

1) Forms, Print Management and Related Products (Forms)

In this segment, the Corporation is the world's largest designer and manufacturer of business forms and related products, systems and services which include:

- custom business forms
- forms handling and document processing equipment
- electronic forms and services
- print outsourcing services
- pressure sensitive labels
- proprietary label products
- variable imaged bar codes
- integrated form-label applications
- printers, applicators and software products and solutions.

2) Customer Communication Services (CCS)

In this segment, the Corporation is the world's largest producer of personalized direct mail, and offers outsourcing services for statement printing, imaging, processing and distribution including:

- creation and production of personalized mail
- direct marketing program development
- database management and segmentation services
- response analysis services
- mail production outsourcing services.

Transfers of product between segments are generally accounted for on a basis that results in a fair profit being earned by each segment. The export of product from Canada is insignificant.

Industry segments *(in thousands)*

1995	Forms	CCS	Consolidated
Total revenue	$ 2,137,930	$ 512,220	$ 2,650,150
Intersegment sales	(30,203)	(17,693)	(47,896)
Sales to customers outside the enterprise	$ 2,107,727	$ 494,527	$ 2,602,254
Segment operating profit	$ 84,884	$ 32,462	$ 117,346
General corporate income			6,826
Income from operations			$ 124,172
Identifiable assets	$ 1,457,272	$ 271,783	$ 1,729,055
Intersegment eliminations			(11,555)
Corporate assets including investment in associated corporations			518,138
Total assets			$ 2,235,638
Depreciation expense	$ 53,309	$ 23,082	$ 76,391
Capital expenditures	$ 57,888	$ 28,717	$ 86,605

1994			
Total revenue	$ 1,970,146	$ 453,421	$ 2,423,567
Intersegment sales	(12,381)	(5,138)	(17,519)
Sales to customers outside the enterprise	$ 1,957,765	$ 448,283	$ 2,406,048
Segment operating profit	$ 103,803	$ 34,151	$ 137,954
General corporate income			1,019
Income from operations			$ 138,973
Identifiable assets	$ 1,303,181	$ 288,158	$ 1,591,339
Intersegment eliminations			(24)
Corporate assets including investment in associated corporations			440,021
Total assets			$ 2,031,336
Depreciation expense	$ 54,555	$ 24,364	$ 78,919
Capital expenditures	$ 59,561	$ 17,453	$ 77,014

1993			
Total revenue	$ 1,935,318	$ 412,165	$ 2,347,483
Intersegment sales	(10,743)	(4,944)	(15,687)
Sales to customers outside the enterprise	$ 1,924,575	$ 407,221	$ 2,331,796
Segment operating loss	$ (90,733)	$ (10,509)	$ (101,242)
General corporate income			2,840
Loss from operations			$ (98,402)
Identifiable assets	$ 1,356,677	$ 263,773	$ 1,620,450
Intersegment eliminations			(16)
Corporate assets including investment in associated corporations			353,598
Total assets			$ 1,974,032
Depreciation expense	$ 58,243	$ 23,697	$ 81,940
Capital expenditures	$ 57,591	$ 24,418	$ 82,009

Geographic segments *(in thousands)*

1995	Canada	United States	Europe	Latin America	Asia Pacific	Consolidated
Total revenue	$ 197,747	$ 1,607,288	$ 373,510	$ 243,444	$ 192,241	$ 2,614,230
Intergeographical segment sales	(906)	(11,008)	(62)	–	–	(11,976)
Sales to customers outside the enterprise	$ 196,841	$ 1,596,280	$ 373,448	$ 243,444	$ 192,241	$ 2,602,254
Segment operating profit (loss)	$ 13,186	$ 81,687	$ 9,567	$ 21,104	$ (8,198)	$ 117,346
General corporate income						6,826
Income from operations						$ 124,172
Identifiable assets	$ 142,791	$ 1,077,964	$ 246,101	$ 148,367	$ 108,464	$ 1,723,687
Intersegment eliminations						(6,187)
Corporate assets including investment in associated corporations						518,138
Total assets						$ 2,235,638
Depreciation expense	$ 6,541	$ 51,039	$ 8,205	$ 7,132	$ 3,474	$ 76,391
Capital expenditures	$ 5,970	$ 56,791	$ 11,066	$ 8,004	$ 4,774	$ 86,605

1994	Canada	United States	Europe	Latin America	Asia Pacific	Consolidated
Total revenue	$ 187,190	$ 1,477,537	$ 344,414	$ 205,220	$ 204,638	$ 2,418,999
Intergeographical segment sales	(771)	(12,147)	(33)	–	–	(12,951)
Sales to customers outside the enterprise	$ 186,419	$ 1,465,390	$ 344,381	$ 205,220	$ 204,638	$ 2,406,048
Segment operating profit	$ 6,451	$ 101,480	$ 14,221	$ 11,048	$ 4,754	$ 137,954
General corporate income						1,019
Income from operations						$ 138,973
Identifiable assets	$ 101,966	$ 1,039,534	$ 270,899	$ 138,876	$ 117,719	$ 1,668,994
Intersegment eliminations						(77,679)
Corporate assets including investment in associated corporations						440,021
Total assets						$ 2,031,336
Depreciation expense	$ 5,929	$ 48,901	$ 10,853	$ 7,695	$ 5,541	$ 78,919
Capital expenditures	$ 6,240	$ 46,438	$ 10,641	$ 5,419	$ 8,276	$ 77,014

1993	Canada	United States	Europe	Latin America	Asia Pacific	Consolidated
Total revenue	$ 188,051	$ 1,532,078	$ 332,786	$ 194,130	$ 98,678	$ 2,345,723
Intergeographical segment sales	(73)	(13,854)	–	–	–	(13,927)
Sales to customers outside the enterprise	$ 187,978	$ 1,518,224	$ 332,786	$ 194,130	$ 98,678	$ 2,331,796
Segment operating profit (loss)	$ (13,503)	$ (28,067)	$ (54,149)	$ 12,777	$ (18,300)	$ (101,242)
General corporate income						2,840
Loss from operations						$ (98,402)
Identifiable assets	$ 122,294	$ 1,016,150	$ 252,590	$ 136,577	$ 100,646	$ 1,628,257
Intersegment eliminations						(7,823)
Corporate assets including investment in associated corporations						353,598
Total assets						$ 1,974,032
Depreciation expense	$ 6,385	$ 49,757	$ 14,249	$ 8,080	$ 3,469	$ 81,940
Capital expenditures	$ 5,637	$ 56,511	$ 7,216	$ 9,751	$ 2,894	$ 82,009

18. Lease commitments *(in thousands)*

At December 31, 1995, long-term lease commitments required approximate future rental payments as follows:

1996	$ 48,635	1999	$ 23,993
1997	41,036	2000	21,328
1998	31,672	2001 and thereafter	35,803

19. Contingencies

At December 31, 1995, certain lawsuits and other claims were pending against the Corporation. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material effect on the Corporation's financial statements.

20. Financial instruments

At December 31, 1995, the contract amount of forward contracts was approximately $44,065,000 and the market value was $44,018,000. Net deferred gains and losses from these contracts were not significant at December 31, 1995.

The Corporation may be exposed to losses if the counterparties to the above contracts fail to perform. The Corporation manages this risk by dealing only with financially sound counterparties and by establishing dollar and term limitations which correspond to the credit rating of each counterparty.

The Corporation does not use derivative financial instruments for trading purposes.

21. Differences between Canadian and United States Generally Accepted Accounting Principles

The continued registration of the common shares of the Corporation with the Securities and Exchange Commission (SEC) and listing of the shares on the New York Stock Exchange require compliance with the integrated disclosure rules of the SEC.

The accounting policies in Note 1 and accounting principles generally accepted in Canada are consistent in all material aspects with United States generally accepted accounting principles (GAAP) with the following exceptions.

For reporting under United States GAAP, the Corporation adopted prospectively as of January 1, 1992 the Financial Accounting Standards Board's SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and as of January 1, 1993 SFAS No. 109, "Accounting for Income Taxes".

Postretirement benefits other than pensions (SFAS No. 106)

SFAS No. 106 requires that the expected costs of the employees' postretirement benefits be expensed during the years that the employees render services, whereas under Canadian GAAP the Corporation recognizes the cost of these benefits as an expense as incurred (see Note 12).

In July 1993, the Corporation's United States subsidiary announced a change to the retiree health care program for employees who retire after April 1, 1994 whereby an allowance based on length of service is granted to offset the cost of health care coverage selected by the retiree. The effect of the change was to reduce the unfunded accumulated postretirement benefit obligation by $157 million. The related unrecognized prior service credit will be amortized on the straight-line basis over 17 years, the expected average remaining service life of the employee group.

Income taxes (SFAS No. 109)

SFAS No. 109 requires a liability method under which temporary differences are tax effected at current tax rates, whereas under Canadian GAAP, timing differences are tax effected at the rates in effect when they arise. The cumulative transition adjustment related to the adoption of SFAS No. 109 was an increase in net income of $14,500,000.

Earnings per share

Under United States GAAP, the average shares outstanding is the sum of the weighted average number of shares outstanding during the period plus the common share equivalents of the executive stock option plan.

The following table provides information required under United States GAAP:

(in thousands, except per share amounts)	1995	1994	1993
Net earnings (loss) as reported	$ 267,501	$ 121,400	$ (77,606)
Postretirement benefits other than pensions:			
Increased postretirement benefits	(4,417)	(4,999)	(21,192)
Reduced income taxes	1,735	1,899	8,292
	(2,682)	(3,100)	(12,900)
Income taxes:			
Cumulative transition adjustment	–	–	14,500
Net (increase) decrease in deferred tax provision	(13,611)	3,300	4,900
	(13,611)	3,300	19,400
Net earnings (loss) determined under United States GAAP	$ 251,208	$ 121,600	$ (71,106)
Primary and fully diluted earnings (loss) per share	$ 2.51	$ 1.22	$ (0.71)
Average shares outstanding *(in thousands)*	100,005	99,695	99,557
Additional cash flow disclosures required by SFAS No. 95:			
Interest paid	$ 11,608	$ 13,601	$ 18,638
Income taxes paid	16,449	20,658	39,448

Balance sheet items as at December 31:

(in thousands)	1995		1994	
	As reported	U.S. GAAP	As reported	U.S. GAAP
Postretirement benefit cost liability	$ –	$ 436,002	$ –	$ 431,414
Net deferred income taxes liability (asset)	16,656	(165,974)	15,026	(182,482)
Retained earnings	1,187,974	929,581	1,014,257	772,157

The following data is based upon the report from independent consulting actuaries as at December 31:

	1995	1994
Accrued postretirement benefit cost *(in thousands)*		
Retirees	$ 179,165	$ 174,578
Fully eligible active plan participants	1,965	1,726
Other active plan participants	121,244	98,811
Accumulated postretirement benefit obligation	302,374	275,115
Unrecognized prior service credit	134,117	143,366
Unrecognized net gain (loss)	(489)	12,933
Accrued postretirement benefit cost	$ 436,002	$ 431,414

	1995	1994
Postretirement benefit cost *(in thousands)*		
Current service cost	$ 5,755	$ 6,836
Interest cost	23,381	20,921
Amortization of unrecognized prior service credit	(9,168)	(9,168)
Net postretirement benefit cost	$ 19,968	$ 18,589
Assumptions and other information		
Weighted average discount rate	7.0%	8.7%
Weighted average health care cost trend rate		
Before age 65	10.8%	11.8%
After age 65	8.9%	9.9%
The general trend in the rate thereafter is a reduction of 1% per year.		
Weighted average ultimate health care cost trend rate	5.3%	7.0%
Year in which ultimate health care cost trend rate will be achieved		
Canada	2004	2004
United States	2000	1998
The following is the effect of a 1% increase in the assumed health care cost trend rates for each future year on: *(in thousands)*		
(a) Accumulated postretirement benefit obligation	$ 17,285	$ 14,984
(b) Aggregate of the service and interest cost components of net postretirement benefit cost	1,414	1,176

The following table shows the main items included in deferred income taxes under United States GAAP:

	1995	1994
Deferred income taxes *(in thousands)*		
Assets:		
Postretirement benefits other than pensions	$ 172,134	$ 170,721
Tax benefit of loss carryovers	52,978	43,002
Pensions	21,821	22,056
Restructuring costs	13,659	40,066
Other	18,182	21,721
	278,774	297,566
Valuation allowance	(19,618)	(10,626)
	259,156	286,940
Liabilities:		
Depreciation	69,408	83,485
Pensions	15,595	13,777
Other	8,179	7,196
	93,182	104,458
Net deferred income taxes	$ 165,974	$ 182,482

22. Comparative consolidated financial statements

Comparative figures have been restated where appropriate to conform to the current presentation.

Management Report

All of the information in this annual report is the responsibility of management and has been approved by the Board of Directors. The financial information contained herein conforms to the accompanying consolidated financial statements, which have been prepared and presented in accordance with accounting principles generally accepted in Canada and necessarily include amounts that are based on judgments and estimates applied consistently and considered appropriate in the circumstances.

The Corporation maintains a system of internal control which is designed to provide reasonable assurance that assets are safeguarded, that accurate accounting records are maintained, and that reliable financial information is prepared on a timely basis. The Corporation also maintains an internal audit department that evaluates and formally reports to management and the Audit Committee on the adequacy and effectiveness of internal controls.

The consolidated financial statements have been audited by the Corporation's independent auditors, Price Waterhouse, and their report is included below.

The Audit Committee of the Board of Directors is composed entirely of outside directors and meets quarterly with the Corporation's independent auditors, management, and Director of Internal Audit to discuss the scope and results of audit examinations with respect to internal controls and financial reporting of the Corporation.

R. Braun Chairman, President and Chief Executive Officer	S.A. Holinski Senior Vice President and Chief Financial Officer

February 14, 1996

Auditors' Report

To the Shareholders of Moore Corporation Limited:

We have audited the consolidated balance sheets of Moore Corporation Limited as at December 31, 1995 and 1994 and the consolidated statements of earnings, retained earnings and cash flows for each of the three years in the period ended December 31, 1995. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1995 and 1994 and the results of its operations and the changes in its cash flows for each of the three years in the period ended December 31, 1995 in accordance with generally accepted accounting principles.

Price Waterhouse

Price Waterhouse
Chartered Accountants, Toronto, Canada

February 14, 1996

Eleven-Year Summary

Expressed in United States currency and, except per share amounts, in thousands of dollars

Income statistics	1995	1994	1993	1992	1991
Sales	$ 2,602,254	$ 2,406,048	$ 2,331,796	$ 2,432,998	$ 2,492,278
Income (loss) from operations	124,172	138,973	(98,402)	23,608	110,045
Per dollar of sales	4.8¢	5.8¢	(4.2)¢	1.0¢	4.4¢
Income tax expense (recovery)	123,738	43,853	(18,796)	25,757	47,922
Percent of pre-tax earnings	31.6%	26.4%	(19.8)%	100.7%	35.0%
Net earnings (loss)	267,501	121,400	(77,606)	(2,327)	88,074
Per dollar of sales	10.3¢	5.0¢	(3.3)¢	(0.1)¢	3.5¢
Per common share	$ 2.68	$ 1.22	$ (0.78)	$ (0.02)	$ 0.91
Dividends	93,784	93,567	93,521	93,108	91,215
Per common share	94¢	94¢	94¢	94¢	94¢
Earnings retained in (losses and dividends funded by) the business	173,717	27,833	(171,127)	(95,435)	(3,141)
Balance sheet and other statistics					
Current assets	1,449,722	1,009,714	1,010,441	1,063,144	1,096,062
Current liabilities	541,730	446,608	451,011	352,491	332,979
Working capital	907,992	563,106	559,430	710,653	763,083
Ratio of current assets to current liabilities	2.7:1	2.3:1	2.2:1	3.0:1	3.3:1
Property, plant and equipment (net)	572,008	607,096	617,341	655,665	696,390
Long-term debt	71,512	77,495	67,608	59,718	75,045
Ratio of debt to equity	0.1:1	0.1:1	0.1:1	0.0:1	0.1:1
Shareholders' equity	1,488,170	1,365,174	1,312,896	1,475,508	1,584,780
Per common share	$ 14.90	$ 13.71	$ 13.19	$ 14.83	$ 16.21
Total assets	2,235,638	2,031,336	1,974,032	2,020,715	2,134,436
Average number of shares outstanding*	99,754	99,538	99,487	99,045	97,028
Number of shareholders of record at year-end	7,236	7,317	7,644	8,440	8,670
Number of employees	18,771	19,890	22,014	23,124	23,556

In thousands

Quarterly Financial Information

Expressed in United States currency and, except per share amounts, in thousands of dollars (unaudited)

	1995				1994			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Sales	$ 693,813	$ 629,477	$ 629,550	$ 649,414	$ 630,896	$ 585,068	$ 575,097	$ 614,987
Cost of sales	478,755	432,880	427,102	427,934	420,076	384,454	381,133	400,327
Income from operations	34,333	13,366	32,308	44,165	29,455	35,803	31,588	42,127
Net earnings	22,432	30,153	33,452	181,464	39,193	30,510	25,440	26,257
Per common share	$ 0.22	$ 0.30	$ 0.34	$ 1.82	$ 0.39	$ 0.31	$ 0.26	$ 0.26
Net earnings based on United States generally accepted accounting principles	17,475	29,917	27,052	176,764	43,893	28,510	23,640	25,557
Per common share	$ 0.17	$ 0.30	$ 0.27	$ 1.77	$ 0.44	$ 0.29	$ 0.23	$ 0.26

1990	1989	1988	1987	1986	1985
$ 2,769,596	$ 2,708,406	$ 2,544,019	$ 2,281,493	$ 2,114,313	$ 1,986,012
179,325	281,584	253,748	238,292	243,480	264,513
6.5¢	10.4¢	10.0¢	10.4¢	11.5¢	13.3¢
74,030	98,269	87,460	105,171	113,311	123,532
37.8%	32.7%	31.7%	41.7%	44.7%	44.6%
120,629	201,721	185,996	146,386	109,613	136,683
4.4¢	7.4¢	7.3¢	6.4¢	5.2¢	6.9¢
$ 1.27	$ 2.15	$ 2.01	$ 1.60	$ 1.21	$ 1.53
89,539	82,609	72,245	67,807	65,216	63,244
94¢	88¢	78¢	74¢	72¢	70⅔¢
31,090	119,112	113,751	78,579	44,397	73,439
1,181,316	1,150,833	1,107,920	1,254,026	912,747	848,276
411,349	375,581	350,021	549,653	332,721	285,839
769,967	775,252	757,899	704,373	580,026	562,437
2.9:1	3.1:1	3.2:1	2.3:1	2.7:1	3.0:1
679,275	590,183	506,457	485,154	443,197	377,267
94,494	40,267	61,936	100,462	50,523	49,307
0.1:1	0.0:1	0.1:1	0.1:1	0.1:1	0.1:1
1,537,671	1,440,966	1,292,407	1,167,716	1,000,818	907,391
$ 16.05	$ 15.27	$ 13.89	$ 12.69	$ 11.01	$ 10.09
2,205,043	2,008,319	1,847,603	1,939,341	1,487,839	1,333,638
95,245	93,860	92,603	91,622	90,575	89,482
8,903	9,683	11,225	12,864	13,434	13,369
25,021	26,359	25,943	26,480	27,070	27,240

Distribution of Revenue

	1995	1994	1993
Sales and investment and other income	**100.0%**	100.0%	100.0%
Used as follows:			
Wages, salaries and employee benefits	**28.4%**	35.9%	36.8%
Materials, supplies and services	**55.0**	53.2	53.1
Depreciation	**2.6**	3.2	3.5
Restructuring provision	–	–	9.7
Income, property and other taxes	**4.6**	2.6	–
Allocated to minority interests	–	–	0.1
Unrealized exchange adjustments	**0.1**	0.2	0.1
Dividends	**3.3**	3.8	4.0
Earnings retained in (losses and dividends funded by) the business	**6.0**	1.1	(7.3)

Statement of Corporate Governance Practices

The Board of Directors of Moore assumes ultimate responsibility for the stewardship of the Corporation and carries out its mandate directly and through its Committees.

At regularly scheduled and special meetings, the Board of Directors reviews and approves strategic, acquisition, divestiture, financial, operational and succession plans for Moore, assesses principal risks facing the Corporation, and receives reports and considers recommendations from the Committees of the Board and management. The Board of Directors approves annual and interim financial statements and all legally required public disclosure documents containing financial information. Transactions involving amounts in excess of $20 million are generally brought to the Board's attention. The Board of Directors met fourteen times in 1995. Seven of the meetings were special meetings called to discuss the potential acquisition of Wallace Computer Services, Inc.

At least one directors' meeting each year is held at a site other than the Corporation's head office, to allow the directors to better understand Moore's business. In 1995, meetings were held at the head office of United States Business Forms & Systems operations in Lake Forest, Illinois, and in Ottawa, where a reception with customers was held.

The Board of Directors currently has ten members who are elected annually by shareholders. All directors other than Reto Braun, the Chairman and CEO of the Corporation, are unrelated (within the meaning of that term in the 1994 Report of The Toronto Stock Exchange Committee on Corporate Governance in Canada). All Committee members are unrelated directors. The Board meets from time to time without Mr. Braun or other members of management present. The directors have confidence that the information provided by management is accurate and sufficient to allow the Board of Directors to carry out its mandate.

To assist the Board in operating independently of management, the Corporate Governance Committee has been assigned the responsibility for developing and evaluating the processes the Board follows to fulfil its mandate. A process for reviewing the effectiveness of the Board has been established by the Corporate Governance Committee. Directors may engage outside advisers at the expense of the Corporation with approval from the Chair of the Corporate Governance Committee.

One new director was appointed in 1995. Orientation for new directors includes meetings with senior management focusing on strategic direction, financial matters and business operations.

The Board reviews and approves communications of a regulatory nature prior to mailing to shareholders. Shareholder and investor inquiries are handled promptly by or under the direction of the appropriate officer of the Corporation. Regular meetings are held with investors. In 1993, Moore adopted a policy of confidential tabulation of shareholder proxies.

Following is a brief description of each Board committee, its composition and the number of meetings held during the past year.

Audit Committee

The principal duties of the Audit Committee are to:

- review annual and interim financial statements and all legally required public disclosure documents containing financial information prior to their approval by the directors;
- review the planned scope of the examination of the annual consolidated financial statements by the external auditors of the Corporation;
- review and report to the directors on the performance and fees of the external auditors;
- review the adequacy and effectiveness of the systems of internal accounting, information systems and audit controls established by the Corporation, the internal auditors' audit plan and performance;
- review material litigation, taxation and treasury matters affecting the Corporation; and
- review the annual reconfirmation of the Corporation's Business Conduct Policy.

The Committee meeting schedule was changed from semi-annual to quarterly during 1995. The Committee met three times in 1995.

Corporate Governance Committee

The principal duties of the Corporate Governance Committee are to:

- determine the attributes required of new directors and identify individuals who possess those qualifications;
- evaluate the Chairman and CEO;
- review composition and effectiveness of the board on a periodic basis;
- recommend directors to be elected at the Annual Meeting of Shareholders;
- recommend the composition of the board committees and review the terms of reference of board committees;
- determine the form and amount of directors' compensation; and
- review emerging corporate governance issues.

The Committee met five times in 1995.

Environment, Health and Safety Committee

The principal duties of the Environment, Health and Safety Committee are to:

- approve appropriate environmental and health and safety policies in conjunction with the management of the Corporation having responsibility for such matters;
- require the establishment of environmental, health and safety compliance systems and procedures sufficient to meet or exceed environmental, health and safety legislation;
- ensure that designated representatives of management are appointed and responsible for the oversight of environmental and health and safety matters and are working with operating management to ensure compliance with those matters;
- review reports from management on environmental, health and safety matters; and
- review reports on emerging trends, public opinion and legislative directions, interest group activity and scientific developments, all in the fields of environment, health and safety, and their potential impact on the Corporation.

The Committee met three times in 1995 and toured Moore's manufacturing facility in Stillwater, Oklahoma, coincident with one meeting.

Management Resource Committee

The principal duties of the Management Resource Committee are to:

- evaluate performance of senior executives;
- determine appropriate policies for setting compensation of executive officers;
- establish appropriate long and short term incentives and related plans for eligible executives;
- review appointments to, recruiting for and terminations of senior executive positions; and
- review material reorganizations, succession plans and management development programs to ensure the appropriate utilization of management resources.

The Committee met six times in 1995.

Directors

The following persons will be nominated as directors at the 1996 Annual and Special Meeting of Shareholders.

Reto Braun
Lake Forest, Illinois
Director since 1993
Chairman of the Board, President and Chief Executive Officer

Derek H. Burney, O.C. ■▲*
Montreal
Director since 1993
Chairman, President and Chief Executive Officer
Bell Canada International, Inc.

Shirley A. Dawe ●*
Toronto
Director since 1989
President
Shirley Dawe Associates, Inc.

James D. Farley ●*
Hobe Sound, Florida
Director since 1977
Corporate Director

Arden R. Haynes, O.C. ▲*
Toronto
Director since 1987
Corporate Director

Jeanette P. Lerman ●
New York
Director since 1995
Vice President, Corporate Communications
Time Warner Inc.

Carl E. Lindholm ●■
Gulfport, Florida
Director since 1985
Corporate Director

John T. Mayberry ■
Burlington, Ontario
President and Chief Executive Officer
Dofasco, Inc.

J. Robert S. Prichard
Toronto
President, University of Toronto

Cedric E. Ritchie, O.C. ●▲
Toronto
Director since 1978
Corporate Director

Retirements

John D. Allan and Edward H. Crawford have attained the age of retirement for independent directors and will not be standing for election in 1996. The Board of Directors wishes to thank them for their contribution during their tenure as directors.

Board Committees
● Audit Committee
■ Environment, Health and Safety Committee
▲ Management Resource Committee
* Corporate Governance Committee

Honorary Directors

David W. Barr
Toronto

M. Keith Goodrich
Lake Forest, Illinois

L. Edward Grubb
Sarasota, Florida

Edwin H. Heeney
Toronto

Walter F. Light
Toronto

Joseph B. McArthur
Toronto

Judson W. Sinclair
Toronto

Corporate Officers and Operating Management

Reto Braun ■▲
Chairman of the Board,
President and
Chief Executive Officer

William C. Lowe ■▲
Executive Vice President

Stephen A. Holinski ■▲
Senior Vice President and
Chief Financial Officer

Charles F. Canfield ■▲
Vice President,
Human Resources

Joseph M. Duane ■▲
Vice President and
General Counsel

Charles J. Evans ▲
Vice President, Taxation

Russell I. Johnson ■▲
Vice President, Procurement

Shoba Khetrapal ▲
Vice President and
Treasurer

Hilda A. Mackow ■▲
Vice President,
Communications

Arthur N. Mitchell ▲
Vice President and
Controller

Joan M. Wilson ■▲
Vice President and
Secretary

Corporate Services

Roger A. Lewis
Director, Internal Audit

North American Forms and Print Management

William C. Lowe ■▲
President, Business
Forms & Systems and
Print Management

Charles E. Buchheit ■▲
President, Graphic Services

Siegfried E. Buck
Vice President and
General Manager,
Business Products

Robert W. Burkart
Vice President and
General Manager, Business
Equipment & Services

George H. Gilmore Jr. ■▲
President, Business
Forms & Systems
United States

Jon A. Hantho
Vice President,
Electronic Forms

Christian J. Hipp ■
Vice President, Research
Environmental
& Energy Officer

John A. Newfang
Vice President and
General Manager,
Rediform

Stephen Walker
President, Business
Forms & Systems
Canada

Labels and Label Systems

Open
President

Customer Communication Services

Thomas J. McKiernan ■▲
President, Customer
Communication Services

Gary W. Ampulski
President, Business
Communication Services

Thomas M. Gregorich
President, Data
Management Services

Richard M. Zagorski
President, Response
Marketing Services

Latin America

Wayne K. Adams ■▲
President

Francisco A. Itzaina
Managing Director
Brazil

Albert G. Taylor
Managing Director
Mexico

Asia Pacific

Roy S. Clements ■▲
President

Edward C. Davies
Managing Director
Australia

Europe

Francis Doblin ■▲
President

Retirements

M. Keith Goodrich
Chairman of the Board
Moore Corporation Limited
35 years

Peter McConnachie
President
Moore Europe and
Vice President, Moore
Corporation Limited
25 years

■ Executive Committee
▲ Corporate Officer

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Shareholder Information

Corporate Office

Moore Corporation Limited, 1 First Canadian Place, P.O. Box 78
Toronto, Ontario, M5X 1G5. Telephone: (416) 364-2600 Facsimile: (416) 364-1667.

Stock Exchange Listings

Stock Symbol: MCL CUSIP No: 615785 10 2 Markets: Toronto, Montreal, New York.

The common shares of the Corporation are also included in the Toronto 35 Index, the Toronto 100 Index, the TSE 300 Composite Index and the Standard and Poor's 500 Index.

Market Price of Common Shares

The following table sets forth the high and low prices of the common shares of the Corporation on the Toronto, Montreal and New York Stock exchanges.

	The Toronto Stock Exchange (C$)		Montreal Exchange (C$)		New York Stock Exchange (US$)	
1995	High	Low	High	Low	High	Low
1st quarter	**27 4/8**	**24 4/8**	**27 3/8**	**24 5/8**	**19 5/8**	**17 4/8**
2nd quarter	**32 2/8**	**25 3/8**	**32 2/8**	**25 3/8**	**23 3/8**	**18 4/8**
3rd quarter	**32**	**27**	**32**	**27**	**23 4/8**	**20**
4th quarter	**27 3/8**	**23 7/8**	**27 3/8**	**23 7/8**	**20 3/8**	**17 4/8**
1994	High	Low	High	Low	High	Low
1st quarter	28 4/8	25	27 4/8	24 4/8	20 7/8	18 3/8
2nd quarter	27 1/8	22 7/8	28 3/8	24 4/8	19 4/8	16 5/8
3rd quarter	26 6/8	22 4/8	26 4/8	22 4/8	19 4/8	16 2/8
4th quarter	27 2/8	23 1/8	27 2/8	23 2/8	19 5/8	16 6/8

Dividends

In 1995, the Corporation paid a dividend of 23 1/2¢ (U.S.) each quarter. Subject to formal declaration by the Board of Directors, dividend record and payment dates for the next four dividends will be as follows:

Record Date	*Payment Date*
March 1, 1996	April 2, 1996
June 7, 1996	July 2, 1996
September 6, 1996	October 1, 1996
December 6, 1996	January 2, 1997

Dividends are declared in United States dollars. Shareholders have the option of receiving dividends in equivalent Canadian funds or participating in the Dividend Reinvestment and Share Purchase Plan. The Dividend Reinvestment Option allows shareholders to have their cash dividends reinvested to acquire additional shares. The Share Purchase Option allows shareholders to purchase shares by making cash payment of not less than $50 (Cdn.) and not more than $5,000 (Cdn.) in each quarter.

Withholding taxes at the rate of 25% are imposed on the payment of dividends to non-residents of Canada. Under the present Canada/United States tax treaty, such rate is generally reduced to 15%.

Transfer Agent and Registrar

The transfer agent and registrar for the common shares of the Corporation is The R-M Trust Company at its offices in Montreal, Toronto, Winnipeg, Calgary and Vancouver. The co-transfer agent and registrar is Chemical Mellon Shareholder Services in NewYork.

Shareholder Account Inquiries

The R-M Trust Company operates a telephone information enquiry line that can be reached by dialing toll-free 1-800-387-0825 or (416) 813-4600. Correspondence may be addressed to: Moore Corporation Limited, c/o The R-M Trust Company, Corporate Trust Services, 393 University Avenue, 5th Floor, Toronto, Ontario, M5G 2M7.

Investor Relations

Institutional and individual investors seeking financial information about the company are invited to contact Shoba Khetrapal, Vice President and Treasurer at the Corporate Office.

Form 10-K/Annual Information Form

The Annual Report on Form 10-K is filed with the United States Securities and Exchange Commission and with the Canadian Securities Commissions as the Annual Information Form. It is available without charge by contacting the Corporate Communications Department.

This Annual Report is printed on recycled paper containing post-consumer waste, with environmentally friendly vegetable inks.

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Moore Corporation Limited

Founded in 1882, Moore has approximately 19,000 employees and over 100 manufacturing facilities serving customers in 50 countries.

MOORE®

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